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ABSTRACT

Background information and recommendations related to the support of child care services in Fort Wayne, Indiana is presented in six chapters. Chapter I discusses the feminization of the workforce and demographic data bearing on the need for child care, the child care workforce, and child care arrangements. Chapter II reviews child care services in the United States, focusing on child care in the twentieth century, economic depression/world war and child care, the war on poverty, child care services and the public sector, state and local government initiatives and partnerships, child care and the private sector, St. Paul's model partnership in Minnesota, and issues confronting the delivery of child care services. In terms of child care and productivity, the labor shortage, and economic development, Chapter III indicates why child care is good business. Employer-sponsored child care (ESCC) options are discussed in Chapter IV, and subsections concern current statistics on ESCC, employer options in child care, creating or supporting direct services, providing information, providing financial assistance, sharing in community solutions, easing time constraints, and small business and child care. Chapter V profiles child care in Allen County, Indiana, identifying gaps in child care services. Chapter VI advances recommendations for addressing the gaps through the establishment of a technical assistance center. Seventy references are cited. (RH)

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Child Care is Good Business

An Agenda for Fort Wayne

A Study Coordinated by
The Fort Wayne Women's Bureau
Child Care Advisory Council,
Funded by Lincoln National Corporation
and The Foellinger Foundation

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Child Care is Good Business: An Agenda for Fort Wayne
Executive Summary

In recent history, child care was a family matter. Today it is a business issue, and to some degree a governmental issue. The severity of the child care crisis affects businesses and economic development.

Allen County faces the same conditions found in many locations across the country:

- child care providers are in very short supply.
- the greatest shortages are in the areas of infant and before/after school care.
- quality and affordability both are major concerns and frequently parent/employees are faced with the dilemma of choosing one over the other. For those people in lower-paying positions, there is only one alternative and selecting low-quality child care in exchange for affordability increases concerns that reduce productivity.
- government programs that subsidize child care for low-income families do not offer enough participation slots to accommodate the assistance need.
- fragmentation allows for overlap of some services and gaps in others.
- quality providers are concentrated in the most affluent residential areas of the county. There is no public child care facility located downtown. There are only scattered facilities in the lower income neighborhoods and in outlying towns.
- there is a shortage of providers for sick children.

Lack of adequate child care hinders economic development as businesses that are expanding or relocating look for communities that can comfortably accommodate their employees' personal needs. Establishing a child care infrastructure that provides quality, affordability and accessibility is vital to the health of the local economy.

Child care and business

Because of the rising participation rates of women in the workforce, child care has become an issue that affects both male and female employees. When a mother is employed, child care problems cause drops in productivity and attendance for both parents as they cope with their difficulties as a family unit.

Studies at two local firms, Lincoln National Corporation and GTE North, showed employees felt the pinch of child care problems in significant ways while on the job, and felt their productivity was lowered as a result. They also said corporate-sponsored child care benefits would alleviate many of the problems. Each company's employees cited different needs.

At Lincoln National Corp., survey respondents:

- Felt their child care needs affected productivity (68%).
- Were sometimes late for work due to child care problems (64%).
- Sometimes were absent from work because of child care issues (28%).
- Had to make alternative child care arrangements an average of three times in three months (21%).

At GTE North, surveys showed respondents:

- felt a company-sponsored child care service would increase their productivity (89%).
- were absent from work (52.5%) or tardy (22.6%) because of child care problems.
- had trouble arranging for sick child care (54%).
- suffered because of child care costs (46%).
- had trouble arranging for summer/holiday care for school children (45%).
- had scheduling problems (44%).
- had difficulties arranging transportation to/from child care provider (41%).

In past years these troubles have been tagged family issues because a job shortage made the workforce a seller's market for employers. The end of the baby boom generation now is reaching management levels and younger employees are the beginning of a smaller generation.

The Bureau of Labor Statistics shows a 20% decrease in the last ten years of the number of workers age 16 to 19. The BLS also shows 64% of workers entering the job market between 1989-2000 will be women. Currently, 80% of civilian workers with children under age 13 have child care needs.

The result for business is that a diminishing workforce creates a buyers' market for employees, giving them more freedom to choose their jobs according to benefits being offered. Thus, child care is now a business problem.

Also, because Baby Boomers have typically waited longer to have children (until their careers were well-established), those employees having babies no longer are the lowest-level workers. They are often the middle- and senior-management personnel who are harder to replace and whose productivity has a more direct bearing on company profits.

Although the trend was slow to begin, child care as a benefit has increased eight-fold in the past five years and predictions indicate that it one day will be as

commonplace on the benefits roster as health insurance.

Child care can be a costly investment for employers, depending on the degree of benefits offered. However, nearly all child care benefits for employees are tax deductible for businesses and the financial payback of these benefits can be measured.

One bank in Los Angeles provided $105,000 start-up money for a corporate-sponsored day care center that served 87 employees. The bank monitored the cost-effectiveness of the investment for one year, comparing center-users with a control group of 105 employees with young children and with the total employee population.

The savings in turnover in that year was estimated at $100,000. The bank logged a 2.2% turnover among center users, a 9.5% turnover among the control group and 18% in the entire employee population. Center users were absent 1.7 fewer days than the control group and took maternity leaves that were 1.2 weeks shorter, for an annual savings of $35,000. By converting broadcast and print news coverage of the center to paid advertising rates, the bank received an estimated $40,000 in free publicity.

Thus, the employer had more than recouped the investment in the first year of operation.

Child care and economic development

Child care affects economic development in four ways:

- it improves employee productivity, reliability and recruitment/retention for existing businesses. In essence, it increases their profitability.
- it serves as a recruiting tool when prospective employers are being courted to establish new facilities in the community.
- child care itself is an industry, albeit one that is in desperate need of increased professionalism. Child care centers offer a variety of full- and part-time positions for teachers, maintenance staffs, cooks and others. Most of these positions are compensated at or near minimum wage. Family day care homes provide a means of gainful employment for people who have a need or desire to remain in their homes to work. Both types of child care are in demand by parents who have varying preferences.
- existing quality gaps in the child care industry offer a potential fourth means of spurring economic development. In addition to a need for more providers, there is a crucial need for increased training for these people. Educational facilities at both the vocational and college levels have a barely-tapped pool of students seeking to enter the child care professions at varying levels. Concerted recruitment of students to these educational programs will improve the quality of child care throughout the community while also boosting the programs' enrollment figures and financial resources.

Child care options for employers

There are a variety of choices for employers entering the child care benefits arena. None should be implemented without the statistical advantage of a needs assessment.

The most widely-used options, each of which is explored in Chapter IV of this report, are :

- on-site child care center.
- off-site center.
- consortium center.
- direct subsidy to parents who choose their own child care services.
- cafeteria plans.
- slot contracts with existing providers.
- resource/referral programs.
- job sharing.
- flex-time.
- paid leave for child illnesses.
- extended disability leave for new mothers and personal leave for new fathers.
- part-time work.
- charitable contributions to child care programs.
- worksite seminars to help parents learn to balance work and family responsibilities.

Meeting the challenge of child care in Allen County

The Child Care Advisory Council, which was established two years ago, has been extensively reasearching child care and its intertwining with business. The council membership roster indicates the cross-section of business and social agency representatives that have pooled their expertise to address this community problem.

The recommendation of the council is contained in Chapter VI of this report.

Businesses in Fort Wayne can most efficiently address the child care needs of their employees through creation of a Center for Child Care Resources. This center will act as a clearinghouse to diminish fragmentation of existing services and help employers establish their own child care benefits.

The Center for Child Care Resources will help businesses from the needs assessment stage through implementation.

It will be a boon to employers in that they no longer will have to start at the beginning to sift through the maze of options, regulations, costs and other elements that often confuse the child care benefit decision process. By working through the center, employers will be able to utilize the expertise of the center staff as well as the progress made by those businesses that already have child care benefits.

The Center for Child Care Resources will act as a referral source to help businesses link with existing providers as appropriate and to implement their own provision vehicles.

I. Facing the Challenge: Child Care

"..child care has emerged as an increasingly visible issue on the public agenda due to many developments: a high and still growing rate of female labor force participation, with the result that almost two-thirds of all school-aged children and half the preschoolers have working mothers; the likelihood that almost all children will experience growing up with a working mother by the 1990s; the growing conviction that a group experience is good for children; the increase in the supply and diversity of child care services; the continued gap between demand and supply; and the continued debate about the definition, and importance, of quality"

(Kahn and Kamerman, 1987).

The provision of child care once was a family affair. It is not anymore.

Given the growing and continued demand for affordable, quality child care, the unpredictabilities in the supply of child care—in terms of quantity, types, and standards of regulation, and the prohibitive costs facing ever-growing proportions of the workforce, the U.S. faces a child care crisis.

Meeting that crisis head-on will require the continued commitment of government, at both the national and local levels, the business community, and the public to address these issues. This report seeks to initiate such a dialogue in the Fort Wayne, Indiana area by providing key background information on child care issues, the options available to address these issues, and the present status of child care services in the local community.

Since 1940, the number of working women in the U.S. has doubled and the number of working mothers has increased ten-fold. The increased incidence of two wage earner families, as well as one-parent families, has created more conflicts between work and family responsibilities for today's workforce than ever before. As a result, employers are beginning to recognize the need for a more responsive workplace in the form of employee benefits and family services, including child care assistance.

As the demand for child care has skyrocketed, its supply has remained haphazard in availability, affordability, and quality. High turnover rates among child care providers, coupled with low wages, inconsistent training and widely disparate child care standards from state to state have hampered the development of a comprehensive system of child care services in the U.S.

Since the end of World War II, the percentage of mothers with children aged 6 through 17 who work in the paid labor force has more than doubled, from 30% in 1950 to 70% in 1986. Some 71% of these women work full-time.

Even more dramatic has been the burgeoning percentage of working mothers with preschool children (i.e., those under age 6), which has increased almost five-fold, from 11% in 1950 to 54% in 1986. More than half of mothers with children under the age of three were in the paid labor force in 1986 and 67% of these mothers worked full- time. **(See Table I-1).**

A number of factors precipitated these trends. First, labor shortages during World War II drew a record number of women into the labor force. Many remained after the war. Second, more effective contraceptive methods have allowed women to choose if and when to have children. In recent decades, many women have opted to postpone childbearing until their careers were well-estab-

Table I-1

Labor Force Participation Rates of Mothers By Age of Children, 1950-1986

	% w/ children under 18	% w/ children age 6-17	% w/ children under 6	% w/ children under 3
1950		30	11	
1960		38	16	
1970	42	47	25	
1980	57	64	47	42

Table I-2

Percentage of Children With Mothers in the Labor Force 1970-1995

	Under age 18	Ages 6-17	Under age 6	Under age 3	Total number
1970	39	43	29		27 million
1975	44	47	36		31 million
1980	46	57	43	40	34 million
1986	58	63	51	49	34 million
1990	66	70	58		43 million
1995	73	77	65		45 million
Percentage increase					
1970-95	87	79	124		
1970-86	49	46	76		
1986-95	26	22	27		

lished. A third factor, the rising divorce rate, has required more women to become economically independent than ever before. Fourth, the economic realities faced by the baby boom generation, including relatively low wages and high unemployment rates, have generated the need for two-career families. Finally, the growth in the service sector of the economy has created a demand for greater female labor force participation. Indeed 75% of the new jobs in the next decade are expected to be in the service economy and 70% of those entering to fill those jobs will be women (O'Connell and Bloom, 1987).

This feminization of the workforce has been accompanied by growing numbers of working mothers **(see Table I-2)**.

In 1970, 39% of children under age 18 (or 27 million), 43% of children aged 6 through 17 (or 21 million), and 29% of children under the age of six (or 6 million) had working mothers.

Between 1970 and 1986, there was a 49% increase in these figures such that 58% of children under 18 (or 34 million) had working mothers. The most dramatic increases during this period were among children under the age of six. Between 1970 and 1986, there was a 76% increase in the youngest group of children with working mothers, representing a shift from 29% to 51%.

While more modest increases are expected through 1995, it is projected that by that time, two-thirds of pre-schoolers and more than 75% of school-age children will have working mothers.

Table I-3 contains the labor force participation rates of mothers, grouped by age of children and the size of the child population by state as of 1985. These figures are indicative of the diversity of labor force participation of mothers across the nation as well as the size of the child population in each state.

The labor force participation rates of mothers with pre-schoolers range from 32% to 62% with a median of 47.5% and from 46% to 72% with a median of 65% for mothers of school-aged children. The state of Indiana ranks in the middle of each of these distributions.

The percentage of each state's population that is comprised of children (as an indicator of the potential pool of children requiring child care services) ranges from 21% to 37% with a median of 27%. Again, Indiana ranks in the middle of this distribution.

These figures and projections demonstrate a growing demand for child care and a growing crisis if these demands are not met in a more organized fashion. The provision of organized, quality child care services is a growing concern among parents, employers and community leaders who have begun to call for a greater commitment to child care, to recognize the inherent conflicts between work and family responsibilities when child care needs are not adequately met, and to understand the societal ramifications of this unmet need.

The following findings speak to these concerns:

- A 1987 *Washington Post* poll found that 57% of the respondents thought child care programs should be increased.
- 71% of parents surveyed by AFSCME agreed that the government should develop policies to make child care available and affordable to parents who need or want to work; 30% feared that the child care they could afford was not of high quality; 28% of those with children aged 12 or under reported giving up a job or promotion because of the lack of child care.
- A *Fortune* magazine study of parents with children under age 12 found that child care dissatisfaction was the most reliable predictor of absenteeism and unproductive work time.
- A recent Census Bureau report indicated that 1 in 20 workers was absent from work during the

Table I-3

Labor Force Participation Rates (LFPR) of Working Mothers by Age of Child, Size of Child Population, by State (1985)

State	LFPR< 6	LFPR 6-17	# Children < 5	# Children 5-17	Children as % of Population
Alabama	49	60	298,000	818,000	27.7
Alaska	47	65	60,000	110,000	32.6
Arizona	45	61	270,000	605,000	27.5
Arkansas	51	63	175,000	471,000	27.4
California	46	65	2,144,000	4,696,000	25.9
Colorado	46	66	267,000	597,000	26.8
Connecticut	41	67	203,000	553,000	23.8
Delaware	49	65	44,000	113,000	25.2
Dist.Columbia	62	72	44,000	88,000	21.0
Florida	51	65	747,000	1,789,000	22.3
Georgia	54	67	456,000	1,202,000	27.7
Hawaii	52	70	92,000	197,000	27.5
Idaho	43	65	94,000	230,000	32.2
Illinois	43	63	889,000	2,210,000	26.9
Indiana	**47**	**64**	**403,000**	**1,103,000**	**27.4**
Iowa	49	66	215,000	558,000	26.8
Kansas	48	67	203,000	462,000	27.2
Kentucky	49	56	272,000	751,000	27.4
Louisiana	44	56	406,000	949,000	30.3
Maine	45	64	82,000	222,000	26.1
Maryland	51	67	312,000	785,000	25.0
Massachusetts	42	65	376,000	988,000	23.5
Michigan	42	60	658,000	1,825,000	27.3
Minnesota	50	67	334,000	805,000	27.2
Mississippi	54	63	219,000	570,000	30.2
Missouri	51	64	378,000	949,000	26.4
Montana	45	63	70,000	164,000	28.4
Nebraska	49	67	133,000	315,000	27.9
Nevada	54	71	67,000	153,000	23.6
New Hamp.	50	70	69,000	184,000	25.4
New Jersey	39	62	496,000	1,366,000	24.7
New Mexico	43	57	138,000	310,000	30.9
New York	41	59	1,208,000	3,160,000	24.6
North Carolina	58	70	418,000	1,171,000	25.4
North Dakota	47	59	61,000	136,000	28.8
Ohio	42	59	786,000	2,087,000	26.7
Oklahoma	47	63	279,000	646,000	28.1
Oregon	43	65	202,000	509,000	26.4
Pennsylvania	37	57	777,000	2,100,000	24.3
Rhode Island	45	68	62,000	163,000	23.3
South Carolina	58	68	252,000	670,000	27.5
South Dakota	51	65	63,000	142,000	29.1
Tennessee	51	63	323,000	908,000	25.9
Texas	48	63	1,462,000	3,336,000	29.3
Utah	37	64	195,000	419,000	37.3
Vermont	48	68	39,000	100,000	26.1
Virginia	50	65	405,000	1,040,000	25.3
Washington	43	64	348,000	832,000	26.8
West Virginia	32	46	128,000	388,000	26.7
Wisconsin	49	67	361,000	923,000	26.9
Wyoming	42	67	51,000	109,000	31.4
Medians:	47.5	65.0			Median: 27.0

previous month due to child care problems.

- A study of 5,000 workers at five corporations in the Midwest found that 58% of women workers and 33% of the men with young children felt their child care concerns affected their work time in un productive ways.
- A 1987 *Industry Week* poll found that 62% of the male and 82% of the female respondents cited child care as a legitimate concern for companies today.
- In a poll of 4,620 women financial executives with children, conducted by the National Association of Bank Women, 65% of the respondents said the absence of adequate child care has hurt their careers.
- A 1988 survey of the American Society of Person nel Administrators' membership found that 57% of the respondents did not feel their employers were adequately meeting the child care needs of employees.
- In a 1986 study of welfare recipients, the National Science foundation and Law Center found that nearly two-thirds of respondents cited child care difficulties as the primary problem in seeking and retaining jobs.
- According to the U.S. General Accounting Office, about 60% of Aid to Families with Dependent Chil dren work program respondents were prevented from participating in work programs because of lack of child care.
- Providing child care assistance to low-income families so that they can be self-sufficient costs only 38% of what it costs to provide AFDC and Medicaid funds, according to the Colorado Department of Social Services.
- In Massachusetts, almost half of the participants in a child care program designed to help low-income women get off welfare were able to stop receiving AFDC.

The Child Care Workforce

It is a sad commentary that there are no definitive estimates either of the number of child care establishments or child care workers in the U.S. Such estimates are diffcult to obtain for a number of reasons.
First, no single government agency keeps comprehensive records on this industry. While the Census Bureau collects its occupational information from households and individuals, it classifies child care providers into three different occupational codes:

- child care workers, private household (including in-home providers, family day care providers and part-time babysitters).
- child care workers, excluding private household (in cluding workers in centers, nursery schools, pre-school and child development programs).
- pre-kindergarten and kindergarten teachers (includ ing the same population as the second category).

The distinction between the latter two groups is in activity—child care workers excluding private household are involved in "non-academic" activities whereas the teachers' activities are geared to "academic" or "instructional" endeavors.

Using these distinctions, as of 1984, the Census Bureau estimated the number of child care providers at 677,000. The Bureau of Labor Statistics, on the other hand, counts the number of child care workers and preschool/kindergarten teachers from work establishments and state employment agencies. That bureau estimated that there were 713,000 such workers in 1984.

In both instances, these agencies undercounted the population of child care workers to the extent that the Census excludes workers without earnings and the Bureau of Labor Statistics excludes data on the self-employed and unpaid family members. As a result, unpaid providers (e.g., relatives) or those who barter their services are not included in these national figures (Phillips and Whitebook, 1986). The second reason definitive estimates of the number of providers are lacking is that many child care workers and establishments are unlicensed or unregistered. They represent an informal, almost invisible, network of providers known only to the parents who seek to use these services. Reconciling estimates of licensed/registered providers with the number of unregistered ones depends on the percentage of such providers that are considered unregistered.

Generally, it is estimated that unregistered and unlicensed family day care homes constitute anywhere from 60 to 90% of all such homes and that 10% of existing child care centers are unlicensed. With these assumptions in mind, the following estimates have been derived:

- One of the first national studies of the child care industry was conducted by Abt Associates in 1977 as the National Day Care Study. This study estimated that 115,000 licensed or registered family day care providers, 1.8 million unregulated family day care providers and 18,300 licensed child care centers exist.
- More recent estimates by the National Association for the Education of Young Children and the Children's Defense Fund in 1985 identified 167,000 licensed or registed family day care providers, 1.8 million unregulated family day care providers, 61,079 licensed centers and 6,000 unlicensed centers.
- The National Commission on Working Women estimated that as of 1984 there were 1.5 to 2 million family day care home providers, 1 million center-based workers, and 22,000 full-day child care centers.
- The Child Care Action Campaign estimated that in 1986, 105,000 licensed or registered family day care homes existed for a total of 1.75 million such homes in addition to 40,000 licensed centers.

A third and final reason it is difficult to estimate the supply of child care workers in the U.S. is the instability and part-time nature of this type of employment.

The Bureau of Labor Statistics reported in 1980-81, 42% of all center-based child care workers left their

jobs. Others estimate a turnover rate for this population of 30% a year. Contrasted with an average turnover rate of 20% in the general workforce, the child care industry suffers from significant attrition. Job burn-out, poor working conditions, low wages, few benefits, and devaluation are all factors responsible for these high turnover rates. An estimated 40 to 50% of child care workers are employed on a part-time basis.

These facts hamper accurate estimates of the child care provider population. Given these inadequacies in quantifying the supply of child care providers, the most accepted and cited statistics are the following:

- There are 5 million child care workers, 3 million work full-time and 2 million work part-time.
- Of the 3 million full-time workers, 2 million work as family day care home providers and 1 million work as center-based providers.

The problems inherent in estimating the size of the child care workforce reflect a number of issues facing this workforce.

Child care workers have no definitive identity or public image, as reflected in the less than definitive categories by which these workers are counted. As a result, their services are devalued. Rather than being viewed as a career or a profession, child care workers are equated with "babysitters" regardless of their experience and educational credentials. The lack of federal standards for the child care industry has resulted in a diverse set of state regulations that either ignore or minimize the quality of care provided.

Most family day care providers have little or no formal training beyond high school, and the majority of states do not require any specialized training for center-based child care workers, although many of this latter group of workers do have some post-secondary training.

The lack of standardized quality control criteria is partly responsible for the low wages paid to child care workers as well as the poor working conditions they face.

The median annual income of family day care providers ($4,402) and center-based workers ($9,204) places them in the lowest 10% of all U.S. wage earners (National Commission of Working Women, 1987).

High child to staff ratios, job burn-out, and the lack of employee benefits have resulted in the high attrition rates which lower the quality of care available and offer further justification for the devaluation of these workers. It becomes a vicious cycle that must be broken.

Child Care Arrangements

U.S. parents have generally had five major types of child care arrangements:

- child care in their own homes (either by a relative or non-relative).
- child care in another's homes (either by a relative or nonrelative; these are typically family day care homes).
- center-based child care.
- child self-care.
- one parent (typically the mother) caring for the child while working.

Table I-4a traces the choices made by working parents of preschoolers from 1958 to 1982 as well as the percentage of children age 13 and under in each of these settings in 1986. These data indicate that be-

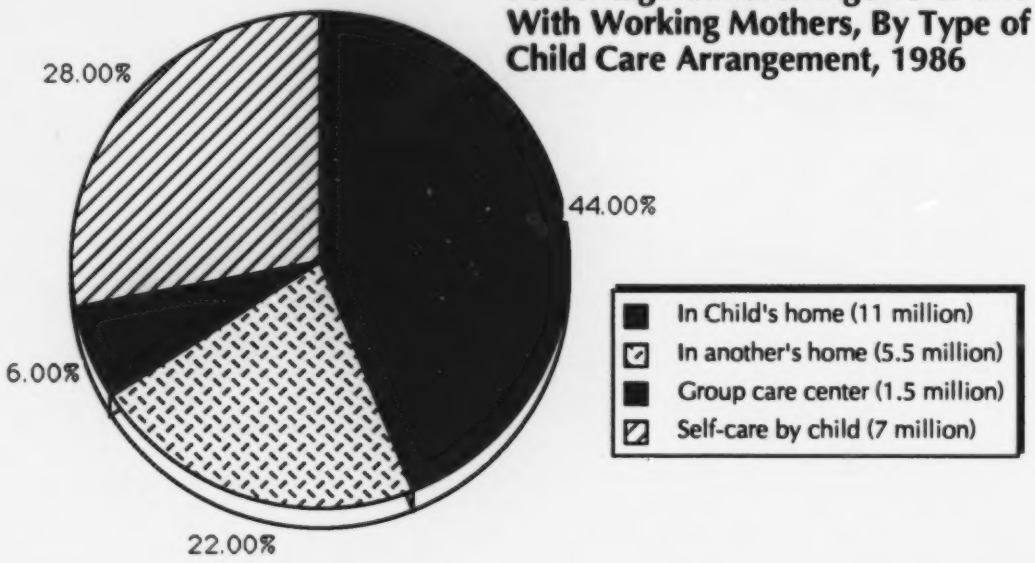
Table I-4a

Percentage of Ever-married Mothers of Pre-schoolers, Working Full-time, Choosing Each Child Care Arrangement, 1958-1982

	1958	1977	1982
Care in Child's home	56.6	28.6	30.6
– by a relative	42.4	22.0	25.1
– by a non-relative	14.2	6.6	5.5
Care in another's home	27.1	47.4	40.2
– by a relative	14.5	20.8	18.2
– by a non-relative	12.7	26.6	22.0
Group care center	4.5	14.6	14.8
Child cares for self	0.6	0.3	5.3
Mother cares for child	11.2	9.0	9.1

Table I-4b

Percentage Children Age 13 & Under, With Working Mothers, By Type of Child Care Arrangement, 1986



tween 1958 and 1982 mothers working full- time have tended to lessen their dependence on in-home care for their pre-schoolers from 56.6% to 30.6%. Especially important is the decline in in-home care by a relative, from 42.4% to 25.1%.

The image that extended family networks help care for the young children of working mothers is increasingly becoming a myth.

Generally, working mothers are most likely to choose this option for infant care (i.e., children under age one) because it is less threatening for the child and because family day care homes and centers do not always accept infants.

While in-home care of preschoolers declined between 1958 and 1982, the use of care in another's home increased from 27.1% to 40.2%. Generally, this type of care arrangement is with a non-relative (22% in 1982) and reflects the burgeoning use of family day care homes by working parents. Family day care homes, in which one adult can care for up to six children at a time in her own home, have become an important source of care especially for toddlers (i.e., children ages 1 and 2).

The utilization of group care centers (i.e., child care centers) skyrocketed in the period from 1958 to 1982, increasing 10% from 4.5% to 14.8%. While child care centers still are less likely to be used by working mothers of preschoolers than in-home or family day care, they are increasingly a visible and viable option, especially for 3 to 5 year olds.

The incidence of preschoolers caring for themselves unfortunately rose between 1958 and 1982, from 0.6% to 5.3%. Such self-care, or lack of adult supervision, is hardly a desirable choice for many working parents, but one that is made because of the lack of resources. The Children's Defense Fund estimates that such self-care is especially apparent for school-aged children who must care for themselves before or after school hours. Estimates for this age group (i.e., 6 through 13) range from 2 million to 15 million.

A final type of child care arrangement used by working parents of preschoolers is for one parent (typically the mother) to care for her children while working. This arrangement has shown little change in the period from 1958 to 1982, hovering between 9% and 11%. The ability of the mother to care for her children in this context is dependent on the work environment as well as the employer's policy on this matter. This arrangment is most likely to be used for infant care and is most conducive for either self-employed parents or ones that work at home.

The pie chart presented in **Table I-4b** contains the most recent data (1986) on care of the 25 million children (aged 13 and under) of working mothers.

These data differ from that for 1958, 1977 and 1982 because they include a larger age range of children (infant through 13) and the figures are based on the percentage of children in each context, not the percentage of working parents who make a particular child care choice.

As the figures indicate, two-thirds of these 25 million children were cared for in a home setting, either in their own homes (44% or 11 million) or in a family day care home (22% or 5.5 million). Some 28% (or 7 million) of these children cared for themselves. These are primarily school-aged children who are left either to fend for themselves or in the care of siblings before and after school hours. Only 6% (or 1.5 million) of these children were enrolled in a child care center (National Commission of

Working Women, 1987).

The child care arrangements used by working parents in the U.S. reflect a variety of factors. Not only do the number and ages of children influence the availability of options from which parents can choose, but their ability to pay for such services is also a key ingredient in the decision-making process.

Using the mother's educational attainment level as an indicator of ability to pay, the 1982 Current Population Survey found that:

- employed mothers of children under the age of 5 with less than a high school education were more likely to use in-home care, especially by a relative, than those mothers with high school degrees or some college.
- employed mothers of preschoolers with less than a high school education were more likely to use care in another's home, especially by a relative, than were mothers with more education.
- employed mothers of preschoolers with less than a high school education were less likely than other mothers to use a day care center.
- day care center, family day care and in-home care by a non-relative were most likely to be used by college-educated mothers of preschoolers.

What these findings indicate is that the ability to pay plays a major role in the child care arrangements made by working mothers of preschoolers. **Table I-5** contains the average child care costs in selected cities and for the nation by the age of the child and the type of child care provided. It is obvious from these figures that center-based care tends to be more expensive than family day care, but less expensive than paid in-home care, especially by a non-relative. Child care expenses are estimated as the fourth largest household expenditure and account for 10% of all household income spent in any given year.

The cost of child care is especially prohibitive for female-headed households (which constitute 20% of all households in the U.S.), for households below the poverty level, and for households where parents work full-time for minimum wage. In these instances, the average cost of child care for one child can take from 22% to 45% of the household's income.

The provision of affordable, quality child care is a necessity to help many American parents get into the workforce, be able to afford to stay in the workforce, and to maintain an acceptable standard of living for their children.

One avenue for assisting working parents in finding affordable child care to meet their needs is the provision of community-based child care resource and

Table I-5

Average Weekly Child Care Costs for Selected Cities and the Nation, By Age of Child and Type of Care, 1985

	Age of Child	Family Day Care Home	Child Care Center	In-home Care
Atlanta	0-2	$50	$55	$165-250
	3-5	45	55	
Boston	0-2	115	120	260-340
	3-5	115	100	
Dallas	0-2	60	75	165-200
	3-5	60	60	
Denver	0-2	75	80	180-240
	3-5	60	60	
New York	0-2	90	120	165-500
	3-5	85	85	
St. Louis	0-2	55	75	165-180
	3-5	40	50	
San Francisco	0-2	80	115	160-200
	3-5	70	85	
Seven-city average	0-2	75	91	
	3-5	68	71	
National ave. costs per year	0-2	$1500-3250+	$1750-3800+	
	3-5	1500-3000	1750-3800	
	6-13		900-1500	

Table I-6

Information/Referral Services by State, 1986

State	No. of Counties	No. of Counties with R/R	No. Counties w/ Employer R/R	% of Counties with R/R	% of Counties w/ Employer R/R
Alabama	67	67	67	100	100
Alaska	23	23	23	100	100
Arizona	15	6	6	40	40
Arkansas	75	0	0	0	0
California	58	58	19	100	33
Colorado	63	8	8	13	13
Connecticut	8	4	4	50	50
Delaware	3	1	1	33	33
Dist. Columbia	1	1	0	100	0
Florida	67	8	7	12	10
Georgia	159	13	11	8	7
Hawaii	4	4	1	100	25
Idaho	44	1	1	2	2
Illinois	102	30	29	29	28
Indiana	**92**	**25**	**25**	**27**	**27**
Iowa	99	11	8	11	8
Kansas	105	12	8	11	8
Kentucky	120	32	32	27	27
Louisiana	64	5	5	8	8
Maine	16	5	5	31	31
Maryland	24	3	3	13	13
Massachusetts	14	7	7	50	50
Michigan	83	32	8	39	10
Minnesota	87	3	3	3	3
Mississippi	82	0	0	0	0
Missouri	115	8	8	7	7
Montana	57	1	0	2	0
Nebraska	93	5	5	5	5
Nevada	17	16	0	94	0
New Hamp.	10	0	0	0	0
New Jersey	21	21	20	100	95
New Mexico	33	3	2	9	6
New York	62	28	26	45	42
North Carolina	100	14	9	14	9
North Dakota	53	0	0	0	0
Ohio	88	13	13	15	15
Oklahoma	77	0	0	0	0
Oregon	36	5	0	14	0
Pennsylvania	67	29	29	43	43
Rhode Island	5	5	5	100	100
South Carolina	46	0	0	0	0
South Dakota	66	0	0	0	0
Tennessee	95	0	0	0	0
Texas	254	29	29	11	11
Utah	29	2	2	7	7
Vermont	14	1	1	7	7
Virginia	136	21	19	15	14
Washington	39	4	4	10	10
West Virginia	55	2	2	4	4
Wisconsin	72	3	3	4	4
Wyoming	23	0	0	0	
Total	3,138	569	458		

referral services. Such services inform parents as to the availability of certain types of child care in their areas and offer referrals to parents based on their needs.

One workable solution

Table I-6 contains a listing of the number and percentage of counties in each state that have resource/referral services. In addition, the number and percentage of counties that offer such such services to local employers for their employees' use are also contained in these figures.

These data only reflect community-based, non-profit resource/referral services and not proprietary businesses that offer such services. Nationally, only 18.1% (or 569 of 3,138) of all counties in the U.S. have such community-based resource/referral services for working parents and even fewer, 14.6% (or 458 of 3,138) of all counties offer such services to employers.

Those states with the best coverage include Alabama, California, Connecticut, the District of Columbia, Hawaii, Massachusetts, Nevada, New Jersey and Rhode Island. The states with the least coverage include Arkansas, Georgia, Idaho, Louisiana, Minnesota, Mississippi, Missouri, Montana, Nebraska, New Hampshire, New Mexico, North Dakota, Oklahoma, South Carolina, South Dakota, Tennessee, Utah, Vermont, West Virginia, Wisconsin and Wyoming. Indiana ranks in the middle of the distribution but above the national average in resource/referral coverage by county.

Generally, these findings also are indicative of the commitment to quality child care made by each state, as reflected in child care licensure standards to be discussed in the next section of this report.

Child Care Regulation and Licensure

When compared to other educational and social programs, regulation came late to child care in the U.S. Currently, there are no federal regulations pertaining to child care standards. Each state has developed its own standards of regulation. The result has been a maze of inconsistent, inadequate, and changing state standards that have "been couched in terms of minimum, or least acceptable, standards, usually reflecting a philosophy of preventing harm to a child in day care rather than providing exemplary care for children" (Kendall and White, 1984).

The lack of federal standards for child care partly stems from issues of family privacy, families' rights toward their children, and the welfare tradition of day care in this country.

By 1920, most states had developed regulations for institutions providing foster care for children. These standards were expanded or appended to include child care only after World War II. During the late 1960s and early 1970s, when federal funding for child care was plentiful, work began on the development of the Federal Interagency Day Care Requirements (FIDCR).

These federal standards were meant to ensure a minimum set of uniform guidelines for those programs receiving federal funds (including both child care centers and family day care homes). Initiated in 1968, these requirements were debated and researched for more than a decade before they were due to be implemented on October 1, 1981. Despite the fact that these requirements would not affect the vast majority of child care services in existence, it was hoped that they would pressure the states toward the implementation of more uniform and acceptable standards of care. In 1981, the FIDCR were abandoned by the Reagan Administration, which deferred to existing state standards. Shifts in policy toward decentralization, deregulation, and block grant funding all influenced their ultimate abandonment prior to implementation. In addition, fears that federal standards would:

- inhibit states from adopting more optimal standards.
- professionalize childrearing.
- undermine parents' rights.
- result in more monitoring.
- increased costs.

The maze of state-imposed child care regulations remains.

Typically, state regulations in child care take one of two forms: licensing or registration. Licensing is the strictest (and most expensive) form of state regulation. Licensing defines a "floor of quality" in which the facility is inspected for space, health, and fire code compliance. Once licensed, periodic re-inspections are used to monitor the operation of the facility. Both child care centers and family day care homes may be licensed.

Registration is a more moderate form of regulation, primarily for family day care homes. Typically, this process involves a self- inspection of the facility to ensure state code compliance. The family day care provider then reports these results to a state agency and, in return, receives a certificate of registration.

The family day care provider is required to give parents a copy of the state standards and information concerning the procedures for reporting complaints about family day care homes to the state. Kendall and Evans (1984) report that since 1980, when the federal administration policy shifted toward decentralization and deregulation, registration of family day care homes has replaced licensing in many states. Given that family day care homes outnumber child centers 3:1, this move toward registration rather than licensing potentially makes for a signficant downward shift in the quality of available care.

Also, cutbacks in spending at the state level, following those at the federal level, have lessened the rigid enforcement of licensing standards in the states.

Attempting to compare various state licensing

Table I-7

Type of State Regulations for Family Day Care Homes, Number of Licensed Centers and Registered Homes, 1983

State	No. of Licensed Centers	Type of Regulation for FDCH	No. of Registered FDCH
Alabama	890	Licensing	2,527
Alaska	109	Licensing	348
Arizona	645	None	1,332
Arkansas	858	Licensing	465
California	4,596	Licensing	26,859
Colorado	600	Licensing	8,333
Connecticut		Licensing	2,400
Delaware	121	Licensing	510
District of Columbia	250	Licensing	299
Florida	3,236	Licensing	1,325
Georgia	1,350	Voluntary	1,284
Hawaii	299	Licensing	311
Idaho		Licensing	
Illinois	2,254	Licensing	8,372
Indiana	654	Licensing	5,000
Iowa	953	Voluntary	2,567
Kansas		Optional	3,930
Kentucky	700	Licensing	225
Louisiana		None	
Maine	116	Optional	512
Maryland	721	Licensing	5,200
Massachusetts	1,500	Registration	5,100
Michigan	2,289	Registration	10,322
Minnesota	907	Licensing	9,010
Mississippi		Licensing	
Missouri	525	Licensing	1,027
Montana	125	Registration	600
Nebraska	208	Registration	1,545
Nevada	36	Licensing	9
New Hampshire	475	Licensing	524
New Jersey	1,500	None	
New Mexico	373	Licensing	217
New York	800	Licensing	6,230
North Carolina	2,206	Registration	6,000
North Dakota	128	Licensing	878
Ohio	2,000	None	
Oklahoma	885	Licensing	712
Oregon	463	Registration	2,229
Pennsylvania	1,.086	Registration	2,304
Rhode Island	70	Licensing	800
South Carolina	1,000	Optional	1,020
South Dakota	75	Registration	800
Tennessee	1,222	Licensing	502
Texas	4,800	Registration	14,837
Utah	138	Licensing	1,500
Vermont	102	Licensing	160
Virginia	582	Licensing	153
Washington	1,055	Licensing	10,500
West Virginia	140	None	2,295
Wisconsin	990	Licensing	270
Wyoming	300	Licensing	600
Total	44,332		151,943

and registration standards is difficult. Differences in definitions of terms and specificity make such a task almost impossible. However, a number of generalizations can be made regarding current state regulations with regard to child care:

- While all 50 states and the District of Columbia have regulations for the licensing of child care centers, not all states require centers to be licensed (although 90% are licensed).
- Only 15 states and the District of Columbia require licensing for all family day care homes; another 15 states require licensing only when the number of children cared for exceeds a specified number.
- Registration of family day care homes is required by nine states; three states allow voluntary registration for such houses; and three more states allow either licensing or registration of family day care homes.

Table I-7 contains a listing of the type of regulation for family day care homes in each state as well as the number of licensed child care centers and regulated homes as of 1983.

State regulations for child care vary in terms of code specifics such as staff to child ratios, staff training requirements, program content, and parental access.

With regard to staff to child ratios, the National Association for the Education of Young Children (NAEYC) has recommended the following ratios as optimal:

1:3 for infants
1:4 - 5 for 1-2 year olds
1:7 - 9 for 3-5 year olds
1:25 for 6-13 year olds.

NAEYC also suggests that total group size should not exceed 12 for infants to 2 year olds and should not exceed 20 for 3 to 5 year olds.

None of the state regulations on staff to child ratios come close to these optimal ratios or group sizes for all ages. For example:

- 26 states do not require limits on group size for infants and 32 states have no such requirements for pre-schoolers.
- 3 states (Kansas, Maryland, and Massachusetts) require a 1:3 staff to child ratio for infants; in 21 states a 1:5-8 ratio is allowed for infants (Florida, North Carolina, and Idaho allow up to 8 infants per staff).

In terms of staff training requirements:

- only 6 states require family day care operators to have a training course in child care; 35 states have no requirements in this regard.
- only 8 states require center-based workers to be trained to qualify for employment and only 30 states require any on-going training of personnel.
- only 24 states require child care center directors to have a background in child development. State requirements on program content are all but nonexistent in 20 states.

Finally, in terms of parental access, 33 states do not guarantee unlimited parental access to center operations and 39 states do not guaranteee the same in family day care homes. Because regulations tend to ignore the issue of quality of care, a third type of voluntary regulation, professional assessment, has emerged.

The NAEYC has established and administers the Child Development Associate credential (CDA). The CDA, based on competency standards set by representatives of early childhood organizations, is a performance-based assessment of child care personnel working with 3 to 5 year olds in child care centers and family day care homes. This credential is valid for 3 years, at which time it can be renewed.

Since 1971, some 15,000 child care workers have earned the CDA credential. While more than half of the states recommend this credential, only one state specifies it as a minimum requirement for employment in child care.

The NAEYC has also established the National Academy for Early Childhood. Through this voluntary accreditation process, child care centers can receive the National Academy "Seal of Approval" for offering quality care.

A third and final example of professional assessment is the establishment in 1984 of the Family Day Care Development and Training Project by the Children's Foundation. Through this project, family day care providers are offered training, technical assistance, and access to a national clearinghouse of child care information and resource materials.

II. Child Care Services in the United States

"The time has come for society – and thus state and federal governments – to acknowledge child care as a major need and participation in child care as normative. Child care services should evolve and become as much a part of the social infrastructure as schools, libraries, parks, highways, and transportation. With more than half the preschoolers in need of care because their mothers are working, with extensive knowledge about the value of these programs at least for children aged 2 or 3 and older, and with more than half the parents who can afford such programs preferring them for their 3 and 4 year olds, it is time to plan for these "essentials" not as offering some special "enrichment". As David Hamburg, president of the Carnegie Corporation, has stated, "It's a question of equity. Middle class parents are already giving their children these benefits. It is in the interests of society to find some way of making them universal"

(Kahn and Kamerman, 1987).

The following chronology describes the development of major child care and pre-school programs, their emphases, and the issues they raised in the U.S. in the last 150 years. The vast majority of this information comes from Greenblatt (1977) and Kahn and Kamerman (1987).

"Infant schools" were the first recorded pre-school programs in the U.S. Established around 1830, they coincided with the separation of early education programs from religious control. These programs were organized by charitable groups and catered primarily to the children of the poor and of immigrant families.

Little is known about the operation of these schools. Their name implied an educational or child development goal and aimed explicitly to compensate for "openly confessed deficiencies in training at home" (Wishy, 1968). These infant schools represented the first secular expression of social parenthood, that is, that child care was a social responsibility not merely a familial one. Universal provision versus services for selected groups also was first proposed at this time.

By the end of the mid-19th century, the term "infant schools" disappeared. A new pre-school program concept emerged — the day nursery. Unlike its predecessor, the day nursery fulfilled primarily a social welfare function. Concerns over the increasing numbers of day "orphans" who had to be cared for while their mothers worked as well as the potential for child abuse and neglect spurred this philanthropic development. The first day nursery was established in New York City at the Nursery and Child's Hospital in 1854. It provided care (from nurses) for children of former patients who had gone back to work.

Most of these nurseries served fatherless families and were staffed by leisured middle class women volunteers. The social welfare function of child care was established with these day nurseries — the precursors of today's child care centers. Concurrently with the development of day nurseries came the German-initiated kindergarten movement of the mid-19th century.

Based on the philosophies of Froebel and Rousseau, these "gardens of children" had a strictly educational purpose—to assist in the physical, moral, and intellectual development of children from ages 3 to 7. They were designed to draw out the child's capacity to feel, think, invent, create, and learn by doing.

Child Care in the 20th Century

The kindergarten concept was clearly the most impressive preschool program developed in the U.S. before the beginning of the 20th century.

Although most early kindergarten programs had private sponsors and catered primarily to middle and upper income families, by the late 19th century reformers recognized their potential for overcoming environmental deficits of poor children.

By 1900, more than half of the nearly 3,000 kindergarten programs were under public sponsorship, located primarily in public school buildings. At the turn of the 20th century, day nurseries had continued to grow slowly under philanthropic auspices. But as

the number of poverty-ridden parents grew and faced the alternative of either institutionalizing their children (in orphan asylums or foster homes, at public expense) or seeing them starve, the impetus to increase the number of day nurseries began.

Increasing the number of day nurseries to facilitate the employment of mothers was recommended to reduce the costs of such "indoor" relief or residential care. Also, reported child abuse in these nurseries troubled philanthropists and social workers.

Thus, public expense, parental anguish over the tearing apart of poor families, and reports of child abuse stirred humanitarian sentiments and led President Theodore Roosevelt to convene the first White House Conference on Children in 1909. While no federal aid program resulted from this convention, the call went out for more community aid programs for dependent children, under charitable auspices. In 1911 mothers' pension laws were enacted (a precursor to AFDC). A year later, President Taft created the Children's Bureau "to investigate and report on matters pertaining to the welfare of children." With the development of mothers' aid, admission policies to day nurseries changed, as did the perception of their purpose. Widowed mothers could choose to not work (and receive aid) or to work, and perhaps receive some aid based on their income.

As a result, day nurseries, which had been established to care for the children of widows, saw a noticeable decline in the proportion of such applicants for services. Day nurseries responded by accepting the child whose parents both worked.

In providing child care for eligible mothers who worked, day nurseries became viewed as a substitute for Taft's public relief program, or at least as a new kind of relief for economically disadvantaged families. While day nurseries expanded their mission and doubled in number between 1905 and 1915, the kindergarten movement gave way to the progressive education movement, led by John Dewey.

According to Dewey, education should serve a social function. It should not be family-oriented, but rather child-centered and future-oriented.

With the premise that better children create a better society, the goal of the progressive education movement was to allow the child to reach his or her full human potential. This movement, in the late 19th and early 20th centuries, provided the foundation for the later development of nursery schools and child development training beginning in the 1920s.

With the onset of World War I, a few industrial child care centers opened to cater to the demand for working mothers. The child care needs of the nation's parents at this time were met primarily by growing numbers of proprietary day nurseries. Between World War I and II, child care in the U.S. had diversified to include three types of care:

- day nurseries offering custodial care with a social welfare stigma.
- nursery schools offering educational enrichment to pre-schoolers, especially from middle to upper class families, as well as a research environment for child development teachers.
- kindergarten.

Economic Depression, War and Child Care

While the federal government had left the child care field to state and local governments through the first quarter of the 20th century, the Depression forced a shift in this "no policy" stance. In 1933, the Works Progress Administration was enacted to give employment to needy, unemployed workers. Although the new law did not authorize money for pre-schools, day nurseries or nursery schools, such programs were established. They were not designed to provide child care for working mothers, but to provide employment for pre-school teachers and other personnel.

With two-thirds located in school buildings, they differed from past pre-school programs in a number of ways:

- they offered full-day programs, year-round.
- they served children from a wide range of socio-economic backgrounds.
- they all had an educational purpose.

As the Depression ebbed, many of these WPA programs ceased, but some were folded into the federal programs established during World War II with the Lanham Act of 1941.

In an effort to stimulate maternal employment in officially designated war- impacted areas, the Lanham Act provided $52 million to the states on a matching basis to establish and increase the supply of day care centers and nurseries. Overseen by the Children's Bureau and the Office of Education, 95% of these facilities were operated in schools and charged fees based on a sliding scale of family income.

By 1944, 129,000 children were enrolled in some 3,102 Lanham-sponsored centers, although estimates indicate between 550,00 and 1.6 million children received care during this federal funding. In February, 1946, the Lanham Act was terminated and most of these facilities closed.

Both the WPA and Lanham Act had for the first time brought significant federal support to child care. With the end of the economic and military emergencies that necessitated them, the federal government retreated to its prior policy of ambivalence toward maternal employment. But these programs had long-term policy implications.
The federal government had essentially declared that:

- if the national interest is served, public money should help wage-earning mothers carry the day care cost burden.
- the education of very young children may be a

legitimate public responsibility, a form of social parenthood.

Between 1946 and 1962, there was no direct federal involvement in the child care arena, except for a program established in 1956 for the children of military personnel and President Eisenhower's 1954 action allowing child care tax credits. During this period, the private sector provided the bulk of child care. Nearly two-thirds of the day care centers and two-thirds of the nursery schools were proprietary facilities and a growing number of kindergarten programs were privately operated.

Greenblatt (1977) summarizes the child care chronology in the U.S. prior to the 1960s as consisting of the following three major points:

- Social intervention into familial rearing of young children occurred under conditions of economic necessity associated with industrialization and economic and military emergencies on a national scale.
- Social intervention displayed several forms of sponsorship. When chronic social conditions impacted the family, philanthropic sponsorship dominated. When the need was to stimulate maternal employment during national crises, public sponsorship dominated. The insufficient supply of both eventually instigated the growth of proprietary programs.
- The types of child care programs developed reflected varying social purposes (i.e., relief vs. education) and social class dynamics. By the early 1960s, it was evident that the labor force participation rates of mothers, especially of pre-school children, were on the rise, that the "baby boom" had produced greater numbers of children in need of care, including growing numbers of poor children. The supply of existing programs had not grown fast enough to accommodate these trends.

The War on Poverty

Studies by the Children's Bureau and the Women's Bureau indicated that the capacity of day care centers increased only 10% between 1946 and 1960. Coupled with a growing concern over welfare reform, the 1960s ushered in a federal policy that viewed child care as an integral part of the War on Poverty.

In 1962, President Kennedy signed the Public Welfare Amendments (P.L. 87-543), the first federal legislation explicitly authorizing money to the states for child care. This legislation viewed the provision of child care as a means of employing welfare mothers. It was followed in 1964 by the Economic Opportunity Act (P.L. 88-452), which authorized federal assistance to initiate Project Head Start, and in 1965 by the Elementary and Secondary Education Act (P.L. 80-10), which authorized funds explicitly to encourage enrollments in nursery schools. These measures sought to alleviate poverty by breaking the cycle from one generation to the next.

By the 1970s, pre-school programs were the norm for U.S. parents and the distinctions between private nursery schools, public pre-schools, and social welfare day care centers blurred.

The passage of work expense disregards (Title IV-A), the budgeting of family child care costs for AFDC mothers (Title IV-C), and, in 1974, Title XX funds increased the demand side of the child care equation. Not only were publicly-supported facilities increasing, but proprietary programs spanned both the public and private sectors in their funding sources. The country continued to have no national family policy.

In 1971, the first attempt at a national child care bill, the Comprehensive Child Development Act, passed Congress but was vetoed by President Nixon.

That bill would have established a national system of child care centers with free care for the poor and a sliding scale for middle income families. But the bills sparked major opposition from conservatives and Christian groups. Nixon said the bill would promote "communal" approaches to child rearing and "Sovietize" American children (Holcomb, 1988).

Child care advocates then abandoned the fight for comprehensive child care legislation and Congress reverted to a piecemeal approach. Legislators voted modest sums for the Child Care Food Program and the training of child care workers.

In 1974, the passage of Title XX helped fund child care for low-income children.

In 1976, Congress passed the child care tax credit, allowing parents a modest credit for child care expenses and a similar tax credit was given in 1981 to businesses that helped employees pay for child care expenses. Sweeping budget cuts in most of the anti-poverty programs in the early 1980s set the stage for state and local government initiatives and generated a new movement toward the passage of national child care legislation.

These initiatives and pending pieces of legislation will be discussed in next section of this report.

Overall, as cited by Greenblatt (1977), the development of child care in the U.S. has been supported by five rationales:

- to prevent child neglect as a result of working mothers.
- to help the child reach his or her maximum potential.
- to benefit the nation.
- to give mothers freedom of choice.
- to offer relief from welfare.

While each of these rationales have been popular at different points in U.S. history, they all are likely to be

heard in current policy-making circles.

Child Care Services and the Public Sector

The Role of the Federal Government

Currently, the public sector provides child care services in three major ways.

First, there is the dependent care tax credit, the largest source of government support for child care.

Under the tax structure, a credit is available for families with children under age 15 who incur child care expenses when both parents work or when one parent works and the other is a student. Single parents with custody also may claim the credit.

Under the original law passed in 1976, this credit was limited to 20% of the dependent care costs incurred, up to a maximum of $2,000 for one child and $4,000 for 2 or more children. In 1982, the credit was increased to 30% for taxpayers with incomes of $10,000 or less, with the credit reduced by 1% for each $2,000 of income between $10,000 and $28,000. The maximum limits also were increased to $2,400 for one child and $4,800 for 2 or more children.

Overall, working parents could take a maximum tax credit of between $480 and $720, depending on income, for the care of one child and a credit of between $960 and $1,440 for the care of 2 or more children. In 1980, the dependent care tax credit was claimed by 4 million families for a total subsidy of $1 billion. By 1986, these figures had dramatically increased to 9 million claims for a total subsidy of $3.4 billion.

A second source of public sector provision of child care services involves tax benefits related to employer-sponsored or supported child care. Legislated as part of the Economic Recovery Tax Act of 1981, these flexible benefits plans (Section 129 plans) and flexible spending accounts (Section 401 (k) plans) allow employers to develop either non-taxable benefit or deferred compensation agreements for their employees. In 1986, about $110 million in foregone taxes was estimated to be spent for these employer-sponsored child care options.

These plans are discussed in more detail in Section IV of this report.

A third, and final, source of child care services in the public sector includes an array of social programs aimed at low-income families. These include the Social Services Block Grant (formerly Title XX), the AFDC Disregard (Title IV-A), Project Head Start, and the Child Care Food Program.

In 1974, Congress created Title XX of the Social Security Act to provide states with funds to support certain social services, including child care. In 1980, some $600 million, or 20% of all Title XX funds, were spent to subsidize child care for low-income families, as defined by state-established poverty levels. Still, only 14% of poor children under the age of 6 were served by these funds. The Omnibus Budget Reconciliation Act of 1981 amended Title XX to create the Social Services Block Grant (SSBG) and cut these appropriations by 20%. All constraints on how states expended these monies were eliminated.

By 1986, only $387 million was available through this program and 29 states spent less for SSBG child care programs than in 1981. Faced with the curtailment of SSBG funds, several states reduced the proportion of these funds spent on child care and turned instead to the use of the AFDC disregard.

The AFDC disregard (Title IV-A of the Social Security Act) is a work expense allowance to pay for child care expenses of AFDC recipients so that they can find and retain employment. This allowance can be deducted from earnings before assessing income to calculate the recipient's AFDC grant.

In 1980, the AFDC disregard paid $120 million in child care costs. In 1981, it was limited to $160 of earned income per month per child, without reducing the family's AFDC grant. In 1986, payments under this disregard amounted to only $35 million or 30% of what it had been in 1980. Project Head Start, initiated by the 1964 Economic Opportunity Act, was one of the few social programs for the poor to survive the federal budget cuts of the early 1980s.

This comprehensive early childhood education program for low-income children, ages 3 to 5, seeks to bridge the development gap between poor and non-poor children so they can compete more equally in formal education.

In 1980, $766 million in federal funds was spent on this project serving 350,000 children in 1,200 centers across the country. By 1986, these funds were increased to over $1 billion, but only 14% of the eligible children received services.

The final social program aimed at providing for the child care needs of low-income families is the Child Care Food Program.

Administered by the U.S. Department of Agriculture, this program provides subsidies to centers and family day care homes for children's meals and snacks. Funded at $239 million in 1980, this program's budget more than doubled by 1986 to $501 million.

In recent years, direct federal funding for child care services has been sharply reduced. In 1980, federal expenditures for child care services (including programs for low-income families, the dependent care tax credit, and employer-sponsored child care tax credit) totaled $1.85 billion.

By 1986, these direct federal expenditures had increased to $2.07 billion in current dollars. Adjusted for inflation, however, between 1980 and 1986, direct federal expenditures for child care had declined by 14.5%. The requirement of state matching funds also had been eliminated. As a result, the public sector commitment to child care has eroded when the demand has increased at alarming rates. This rising demand represents not only the growing proportion of two-working parent families, but also growing numbers of poor people in need of such services.

By the mid-1980s, there were more poor people in

Table II-1

Poverty Status of Children, 1985

State	% Child. FHH	# Children in Poverty	% Children in Poverty	% Children <5 in Poverty	% Black Children in Poverty	% Hispanic Children in Poverty
Alabama	15.8	336,000	30.0	28	49.5	51.5
Alaska	10.5	26,000	15.4	35		
Arizona	12.8	184,000	21.0	34	33.4	34.7
Arkansas	14.2	192,000	29.8	29	53.4	
California	16.1	1,324,000	19.4	37	31.8	33.7
Colorado	13.1	127,000	14.6	36	29.6	33.7
Connecticut	15.7	110,000	14.5	35	35.8	62.3
Delaware	15.9	31,000	19.9	32	36.8	
District of Columbia	37.3	45,000	34.4	36	32.1	
Florida	17.1	597,000	23.6	34	44.9	30.0
Georgia	17.1	445,000	26.9	30	44.3	40.8
Hawaii	11.8	48,000	16.6	40		28.1
Idaho	10.0	59,000	18.2	34		44.8
Illinois	16.5	588,000	19.0	33	42.2	35.5
Indiana	**13.2**	**288,000**	**15.2**	**26**	**33.2**	**25.3**
Iowa	10.1	113,000	14.6	33	38.3	28.1
Kansas	11.5	97,000	14.5	36	35.7	27.3
Kentucky	12.6	281,000	27.5	28	42.7	
Louisiana	17.1	405,000	29.9	31	49.0	31.4
Maine	12.9	61,000	20.1	31		
Maryland	18.4	175,000	15.9	33	28.3	19.1
Massachusetts	16.4	228,000	16.7	33	36.8	69.9
Michigan	16.5	420,000	16.9	32	36.0	31.9
Minnesota	10.1	148,000	13.0	35	35.8	27.4
Mississippi	17.0	305,000	38.7	28	55.4	
Missouri	13.6	247,000	18.6	32	37.8	24.8
Montana	10.4	41,000	17.6	37		
Nebraska	11.1	69,000	15.4	33	40.4	26.3
Nevada	17.9	28,000	12.7	36	27.6	20.8
New Hamsphire	12.5	30,000	12.0	33		
New Jersey	17.0	334,000	18.0	32	37.3	53.4
New Mexico	13.3	126,000	28.2	33		39.2
New York	19.6	1,057,000	24.2	33	39.8	63.9
North Carolina	14.9	370,000	23.3	28	39.4	41.0
North Dakota	7.8	36,000	18.2	33		
Ohio	13.9	483,000	16.8	33	37.4	34.3
Oklahoma	13.0	185,000	20.0	34	39.4	36.2
Oregon	13.6	109,000	15.3	37	36.1	31.1
Pennsylvania	13.5	509,000	17.7	31	42.2	64.4
Rhode Island	16.1	39,000	17.3	33		
South Carolina	15.3	247,000	26.7	29	41.8	49.5
South Dakota	10.1	52,000	25.5	33		
Tennessee	14.9	323,000	26.2	28	45.1	47.5
Texas	12.9	1,142,000	23.8	32	35.4	47.9
Utah	8.5	84,000	13.6	37		28.7
Vermont	12.5	24,000	17.1	33		
Virginia	14.3	274,000	19.0	31	35.4	23.8
Washington	13.5	173,000	14.6	38	28.6	37.2
West Virginia	10.2	122,000	23.6	25	36.3	39.6
Wisconsin	11.8	170,000	13.2	35	41.4	31.7
Wyoming	7.9	16,000	9.8	31		
		Total 12,923,000				

Table II-2

Adequacy of Family Supports, 1985

State	AFDC as % of Federal Poverty Level	AFDC + Food Stamps as % of Fed. Poverty Level
Alabama	15.5	42.5
Alaska	77.9	90.7
Arizona	38.6	58.6
Arkansas	25.3	49.3
California	77.2	88.5
Colorado	45.5	63.5
Connecticut	74.9	86.0
Delaware	39.2	59.1
District of Columbia	43.0	63.9
Florida	33.2	54.8
Georgia	29.3	55.2
Hawaii	53.5	79.7
Idaho	40.0	59.6
Illinois	44.9	63.0
Indiana	**33.7**	**55.2**
Iowa	50.1	66.7
Kansas	51.8	68.8
Kentucky	25.9	49.8
Louisiana	25.0	49.1
Maine	51.2	67.5
Maryland	43.3	65.7
Massachusetts	56.8	75.5
Michigan	63.9	72.3
Minnesota	69.5	80.3
Mississippi	15.8	42.7
Missouri	36.1	57.3
Montana	46.6	64.2
Nebraska	46.1	63.9
Nevada	37.5	57.9
New Hampshire	51.2	68.2
New Jersey	53.2	68.8
New Mexico	33.9	55.4
New York	65.4	79.5
North Carolina	32.4	54.3
North Dakota	48.8	65.8
Ohio	39.7	59.5
Oklahoma	40.8	60.2
Oregon	52.2	72.9
Pennsylvania	50.3	66.8
Rhode Island	66.2	72.9
South Carolina	26.2	50.0
South Dakota	43.3	65.3
Tennessee	20.1	45.9
Texas	24.2	48.6
Utah	49.5	66.3
Vermont	76.7	84.3
Virginia	46.6	64.2
Washington	64.7	78.8
West Virginia	32.8	54.6
Wisconsin	47.4	64.8
Wyoming	47.4	64.8

the U.S. and a greater proportion of the population defined as poor than there had been in 1965, at the beginning of the War on Poverty (O'Hare, 1985). More children are likely to live in poverty today than in the past 25 years. **Tables II-1 and II-2** contain poverty statistics for children by state and document the inadequacy of current support systems.

In this context, it is easy to understand the variety of child care proposals currently facing Congress. It is in this context that state and local governments have developed their own child care initiatives in recent years and have sought to forge partnerships with the private sector in this endeavor.

Current Child Care Bills Before Congress

While many child care bills have come before Congress in recent years, none have been passed.

The most comprehensive and most publicized child care bill is the Alliance for Better Child Care bill (ABC), originally proposed by Congressmen Dodd and Kildee and supported by more than 100 national organizations. The ABC bill calls for $2.5 billion in the first year of implementation.

Some 75% of the funding would be disseminated to the states to increase child care affordability for low-income families (i.e., those with family income less than 115% of a state median income). Another 15% would be spent to improve child care quality and availability through low-interest loans to expand existing facilities, train and recruit child care providers and to develop minimum federal standards for licensure. Developing resource and referral programs for parents and consumer education hotlines also would be added to the 15% expenditures; and the final 10% would be distributed for state administration of these activities.

States would be required to match these funds by 20%. A more recent edition of the ABC bill carried three revisions.

First, only 70% (instead of 75%) would be targeted to low-income families with income up to 100% of the state median income (instead of 115%).

Second, the new revision includes money to encourage public and private sector partnerships. Third, and finally, the latest version includes $100 million to establish liability insurance through shared risk pools.

Overall, the ABC bill is the most comprehensive and expensive child care bill before Congress. It is not piecemeal legislation, but rather an overhaul of the existing delivery system.

A second bill introduced by the same Congressmen, the New Child Care Demonstration Projects Act (also known as the Zigler plan) takes a radically different approach.

This bill would use the public schools as the hub for the delivery of child care services.

Public schools would be open year-round to serve the child care needs of 3 to 12 year olds.

Under this plan, estimated to cost $120 million in the first year, each state would be appropriated $500,000, with a 10% state match, to open such school programs, establish resource centers for family day care home providers, and establish resource and referral services for community parents seeking child care.

Unlike the ABC bill, such a delivery system would maintain state licensing standards rather than develop minimum federal standards.

The Zigler plan contains no provisions for liability insurance, employer involvement or infant and toddler care. In effect, the Zigler plan does not address quality. It merely moves the center of the delivery system to the schools.

A third major bill, the Child Care Services Improvement Act, introduced by Congressman Hatch, takes a more modest approach than the prior two proposals, both in funding and changes to the existing system.

Estimated at a cost of $375 million in the first year, this bill would appropriate $250 million to states for child care block grants, $100 million for the development of state-established insurance liability pools and a $25 million loan fund to help family day care homes meet state-established standards of operation. States would be required to provide a 20% funding match.

In addition, this bill includes a provision for employers to take a tax credit up to 25% of allowable expenses for establishing on or near-site child care centers for their employees.

As is the case with the Zigler plan, the Hatch bill does not call for federal minimum standards for licensing providers nor does it contain any provisions for resource and referral services in communities.

While the Hatch bill addresses affordability and availability, it too ignores the issue of quality of care.

A fourth bill before Congress is the Choices in Child Care Act, introduced by Congressmen Quayle and Tauke in mid-1988. At an estimated five year implementation cost of $7 billion, this bill includes four child care provisions.

- It calls for $400 million to be appropriated to the states, with a 30% state match, for low-income families (i.e., those with income less than 185% of the state median).
- It proposes a tax credit up to $400 for children under the age of 6 whose parents earn less than $20,000 per year.
- It would appropriate $200 million to expand existing dependent care block grants in the states with a 30% state match of funds.
- It proposes a 10% tax credit for employers who offer child care services to their employees.

Again, no federal standards are imposed nor community-based resource and referral services offered. The Quayle-Tauke bill also does not speak to the issue of quality in child care delivery.

None of the bills is without serious criticism.

The ABC bill has been criticized on the grounds that it is too expensive and that its attempts to mandate federal standards will make child care unaffordable

and dictate to parents how to care for their children.

The Zigler plan, calling for tying child care to the already over-burdened public school systems, also has been resisted.

The Hatch bill has been criticized because its proposed funding levels are not enough to have any meaningful effect on the delivery of care.

Finally, bills such as the Quayle-Tauke bill, which primarily call for tax credits, ignore the fact that such a bill is meaningless for poor families who do not pay high taxes.

Given the child care challenge facing the U.S. today, what kinds of legislation need to be enacted? Kahn and Kamerman (1987) offer some meaningful parameters of the basics needed from the federal and state governments in this regard.

Protected child care standards.

In recent years, states faced with federal budget cuts have weakened the licensing or registration rquirements for child care providers. Some states reduced their own capacities to visit, inspect, and act on violations, and many weakened these components to increase the availability of child care. The result has been an erosion of quality.

Child care database.

There is an urgent need for a database on child care. Not only have states been lax or hampered in their attempts to quantify children being served, but they have little information for which to plan for the future of child care.

There is a great need for national statistical reporting systems so states can compare themselves and so policymakers can have a firm foundation for legislation.

During recent Congressional hearings on proposed child care bills, a key stumbling block to deliberation has been the lack of a reliable database on what child care services exist.

Leadership.

A final, crucial element is leadership. In the 1980s, the federal government has existed without staff devoted to national child care trends, without the capacity for offering technical assistance to the states, and without funds to develop and disseminate information on this issue.

As a result, small developments were exaggerated and piecemeal visibility was given to the child care issue.

Certainly a federal presence is vital in this arena.

State and Local Government Initiatives and Partnerships

Faced with federal budget cuts and the perception that a renewed federal presence in child care may be slow in occurring, if at all, many state and local government initiatives in child care were spawned in the late 1970s and 1980s. These initiatives have included a wide array of activities including the following:

- packaging money from various sources to provide child care to low- income children.
- implementing state vendor/voucher programs.
- conducting various types of staff training and certification activities.
- implementing statewide and countywide resource and referral services for parents seeking child care.
- providing technical assistance for potential child care providers.
- organizing systems of family day care providers
- developing partnerships between the public and private sectors for planning and funding community child care needs.

Some specific and noteworthy initiatives in this respect are:

- California's statewide resource and referral programs which link parents with providers on a county-by-county basis .
- Florida's vendor program whereby child care agencies have developed a system for purchasing child care slots in existing centers for low-income families .
- Minnesota's combined system of county-based resource and referral services and sliding fee pro gram for the identification and purchase of child care slots for eligible children.
- Massachusetts' low interest l.oans of up to $250,000 to companies seeking to establish child care centers for employees.
- an ordinance passed by the city of San Francisco in 1985 that requires downtown office building developers to either include space for child care facilities in the building or contribute $1 per square foot of space for the construction of such downtown child care facilities.

Friedman (1987) also has reported on the increased incidence of state governments to involve the private sector in state child care planning activities. At least ten governors have forged such alliances in forming their task forces on child care in recent years.

Reviewing the dynamics of such partnerships in a number of states, she suggests that the elements for a successful task force process include

- serious support from the governor.
- high level clout of task force members.
- adequate staff support for the gathering of basic child care information.
- encouragement of public input in the process.
- a follow-up plan for implementation.

Child Care and the Private Sector

As noted earlier, private sector involvement spans the 150 year history of child care in the U.S. Philan-

thropic and proprietary child care services predated public sector involvement in these activities and typically on a larger scale. This is still true.

According to the National Council of Churches, up to 70% of all child care centers in the U.S. are in church buildings. A survey of 415 United Way chapters revealed a $36 million investment by these agencies in child care in recent years.

It is estimated that some 3,000 employers in the U.S. also offer child care services to their employees (a topic dealt with in detail in Part IV of this report). Perhaps most visible has been the growth of proprietary child care chains in the U.S.

There are five major national proprietary child care chains in the U.S. The largest is Kinder-Care, headquartered in Montgomery, Alabama. In 1986, there were some 1,040 Kinder-Care centers across the U.S. and Canada serving children aged 6 weeks to 12 years.

The second largest chain, La Petite Academy, headquartered in Kansas City, Missouri, has 500 centers serving infants to 12 year olds.

Children's World, the third largest chain, is headquartered in Golden, Colorado. As of 1986, that firm operated 248 centers in 13 states for children under the age of 12.

Fremont, Michigan is the headquarters for the fourth largest chain, Gerber Children's Centers, with 100 centers, all leased or owned by Gerber Products. Each can serve up to 110 children.

The final large national chain is headquartered in Mt. Laurel, New Jersey. The Rocking Horse Child Care Centers of America Inc. operate 34 centers in 8 states.

While the economies of scale offered by these national chains would seem to allow for quality care at affordable prices, such may not always be the case.

First, child care advocates note that the states where these national chains are more likely to thrive tend to be those with the lowest standards. In such an environment, these chains can reduce costs by permitting high child to staff ratios and hiring untrained personnel.

Also, these private centers have organized through the National Association of Child Care Managers to testify against legislation, such as the ABC bill, that would mandate national minimal standards for child care (National Commission for Working Women, 1987).

Services for Infants/Toddlers

As of 1986, 49% of children under age 3 had working mothers and two- thirds of these mothers worked full-time.

There are no satisfactory national data for this age group.

The two sources of data, the Census Bureau's Current Population Survey (CPS) and the National Survey of Family Growth (NSFG), do not agree.

The 1982 CPS found a higher use of relative care than family day care but the 1982 NSFG data found the reverse. The studies agree that relative care and family day care homes are the two major child care services utilized by working parents of infants and toddlers.

Additionally, both studies reported an increased usage of group or child care centers, jumping from 11% to 16% from 1977 to 1982. Given such reliance on family day care homes by a growing segment of the working parent population with infants and toddlers (representing 40% of child care arrangements for this age group or 1.3 million children), the need for quality care in these settings is crucial. As well, the expansion of recruitment efforts, training, licensure, and technical assistance for this group of child care providers also is increasingly important.

Services for Pre-schoolers (3 to 5 year olds)

Some 54% of children age 3 to 5 in 1986 had working mothers, mostly working full-time. The type of child care varied among this three-year age group. For 5 year olds, some 94% were enrolled in pre-primary school programs (i.e., kindergarten) and 39% were enrolled in full-day programs as of 1985.

In effect, pre-school for 5 year olds has become almost universal.

For growing numbers of these children, child care services are required only for those hours between the closing of kindergarten and the end of the parental work day.

The pattern for 4 year olds with working mothers is less distinctive.

Enrollment in pre-primary school programs for this age group (i.e., nursery schools) increases to 50% if the mother works, but full-day enrollment triples in this instance.

Also, enrollment rates in nursery schools are dramatically higher as family income and the educational attainment levels of the mother rise. The remaining 50% of 4 year olds with working mothers tend to be placed in child care centers for the full-day.

For 3 year olds, enrollment in nursery schools increases by more than 50% for those whose mothers are employed when compared to those whose aren't.

As well, full-day enrollment quadruples for those with a working mother. Again, social class and educational attainment levels are predictors of the type of care chosen for this age group.

Nearly half of 3 year olds with working mothers also are in child care centers. Overall, for preschool age children with working mothers, group care is the norm, with almost all 5 year olds enrolled in kindergarten and almost half of 3 and 4 year olds in either nursery schools or day care centers.

Services for School-Aged Children

Data on child care arrangements for school-aged children of working parents are inadequate. As of 1979, it was estimated that there were some 2 million children, aged 6 to 13, with working parents who had no adult supervision part of each weekday.

Such self-care situations have generated the development of telephone hotlines and block parent programs for this age group. In some communities,

telephone hotlines have been set up for school-age children who cannot reach their parents at work by phone. Examples include Chatters in Houston; Phone Friend in State College, Pennsylvania; Contact in Syracuse, New York and Talk Line/Kids Line in Elk Grove Village, Illinois. Another ingenious solution to such self-care situations has been the development of trained neighborhood volunteers who open their homes to children in emergency situations. Such services have been implemented in Detroit, Phoenix, and Shawnee Mission, Kansas (Barko, 1988).

When child care is provided, it is most likely to be a family day care home or relative care situation for 30% of these children, especially 6 to 8 year olds. While some school systems have developed before and after school programs for these children, their efforts have been minimal to date. As of 1984, only 100 of the country's 15,000 school systems offered this service (O'Connell and Bloom, 1987).

A Model Partnership: St. Paul, Minnesota

In January, 1986, the St. Paul Chamber of Commerce board of directors approved the creation of a child care task force and mandated that it seek funding to study the availability of child care in St. Paul over a two-year period. With almost $60,000 from 25 community funding sources, the task force divided into four focus groups:

- sick child care.
- school-age care.
- family day care.
- center care.

With the aid of an outside consultant, each focus group defined relevant issues, objectives and strategies. They then developed recommendations for further Chamber action in meeting the child care needs of the community.

The objectives, strategies and outcomes of each of these task force focus groups are outlined below.

- Objective 1: To heighten public awareness about sick child care needs, services and public policy possibilities.
  - Strategies: – Conduct survey of sick child care providers and employer practices
    – Educate Chamber members about the resources available to them.
  - Outcomes: – A report titled "Sick Child Care Dilemma: Solutions for Business"
    – The city of St. Paul adopted an ordinance providing more sick care time for city employees.

- Objective 2: To begin the dialogue between schools and the Chamber on school-age care.
  - Strategies: – Survey St. Paul school district parents.
    – Metropolitan-wide conference on school children's care, co-sponsored with the Minnesota Department of Education.
  - Outcomes: – Report titled "When School's Out: The Supply and Demand for School Age Care in Ramsey County and St. Paul."
    – Grant from corporate community foundation to establish before/after school programs in three neighborhoods designated as under-served by these services.

- Objective 3: To increase the number of licensed family day care providers by 200 net in the greater St. Paul area.
  - Strategies: – Provider recruitment through a media campaign.
    – Creation and expansion of technical assistance for providers in the form of affordable first aid kits and purchase of equipment on a revolving loan basis.
    – Development of two courses in business practices for providers.
    – Distribution of business kits to newly-licensed providers.
  - Outcomes: – Turnover rate of providers decreased from 29% to 20% in one year.
    – Increased family day care provider pool by 238 in one year.
    – Development and distribution of Family Day Care Business Resource Kit.
    – Increased capacity and stability in the family day care system, giving working parents more choices and reliability in making child care arrangements.

- Objective 4: To increase the number of net child care slots available in licensed centers by 200.
  - Strategies: – The Chamber monitored center care slots and provided technical assistance to persons interested in opening centers.
    – Review and clarification of licensing requirements.
  - Outcomes: – Some 500 new center-based child care slots were created.
    – Thirty-one people and organizations received help in meeting their center-based concerns.
    – Fourteen centers were opened or expanded in the St. Paul area.

While not identified as an objective in the original two-year action plan, the Chamber of Commerce in St. Paul also played an advocacy role in the passage of legislation in Minnesota to make child care more affordable. The child care task force drafted, and the Chamber board approved, a legislative resolution endorsing the appropriation of $18 million for the

Minnesota Child Care Sliding Fee Program and $10.6 million for the Child Care Grant Program as an investment in the long-term reduction of the state's welfare obligation. The Chamber's leadership in this regard not only garnered an actual $24.7 million allotment for child care in the 1987 legislative session, but also helped to identify child care as a business issue.

While the child care task force completed its task in January, 1988, several recommendations were designed to keep the momentum going on this issue.

The Chamber was urged to continue its support for the state's sliding fee scale program and initiatives in helping welfare parents work toward self-sufficiency through the availability of quality, affordable child care. The Chamber also was urged to continue its support of recruitment and training activities, and enhance the business role in child care through the publication and distribution of a "Business Directory of Child Care Resources," outlining employer options and resources in child care in the community.

That the St. Paul partnership is a model for other communities is reflected in the fact that the St. Paul Child Care Task Force was selected by President Reagan as one of 100 businesses and organizations nationwide to receive a Private Sector Initiative Award in July, 1987. In 1988, the task force also was recognized with a Minnesota Keystone Program Award for community entrepreneurship.

Issues Confronting the Delivery of Child Care Services

For child care advocates, there are three major issues that must be addressed in assessing and improving the delivery of child care in the U.S.

These issues are availability, affordability, and quality.

Child care services must be available to the growing numbers of children who require such care. Improving the availability of child care will require more resources be geared toward both provider recruitment / training and maintenance/expansion of facilities in under-served areas.

Child care services must be affordable for the growing number of parents who need them.

Such efforts must include more money for low-income and moderate-income families as well as tax credits for those child care expenses incurred by providers.

Child care services must offer quality care to ensure the safety of children and the peace of mind of their parents. Improving the quality of care will require development and implementation of standards that are more than minimum levels of acceptability. It will require improvement in working conditions, salaries, and benefits for child care workers. It will require more stringent regulations for child development training of providers.

Finally, it will require more resource and referral services and child care hotlines to educate parents about quality care.

III. Why Child Care is Good Business

"Employer-supported child care is likely to grow at a slow but steady pace. The movement is tempered by business executives who tend to proceed with caution when getting more involved in the personal lives of their staffs. For this reason, companies may begin with small steps toward understanding work and family issues and responding to employees' child care needs. But the Employer Benefit Research Institute predicts that child care will be the fringe benefit of the 1990s. That is likely to happen because, being sound for employees, it becomes good for business"

(Friedman, 1986).

In the last five years or so, the number of U.S. employers offering some form of child care assistance to their employees has increased eight-fold, to an estimated 3,000 employers.

Still, the vast majority of the nation's 6 million employers continue to do little or nothing to meet the child care needs of their employees. Several reasons have been cited for this.

First, Friedman (1987) notes that business managers' "rational approach" to decision-making requires all options to be judged on the bottom line of a cost-benefit analysis. In this context, an analysis of the merits of child care is difficult.

Not only is it difficult and costly to quantify the cost effectiveness and to control for outside influences, but also to make decisions efficiently enough to offset the prolonged resistance to such major policy changes. It is this prolonged resistance that makes the process inordinately inefficient and political.

A second source of management resistance to child care assistance is the attitude that family issues are not appropriate venues for corporate involvement. This aspect of corporate culture is manifested in three ways.

Child care opponents argue that separation of work and family issues is justified given past instances of corporate paternalism and over-involvement in employees' lives (i.e., company towns).

Others conclude that maintenance of the traditional separation of work and family is necessary for the proper functioning of each. These opponents claim familyculture is based on subjective, emotional bonds and therefore conflicts with the objective criteria and hierarchical characteristic of the work world.

A third argument claims many of the prevailing management theories have produced business managers without adequate training to perceive the relationship between family problems and work performance.

If there are such inherent work and family conflicts and misunderstanding of such interactions, these facts alone would seem to encourage more consideration of family issues by employers, including the provision of child care.

Some organizational researchers argue that business will only become more responsive to family-related problems when such problems cause significant "pain" to attract management's concern (Beer, 1980).

In U.S. history, such employer concerns for employees' personal circumstances have occurred during certain periods in our industrial development .

Kamerman and Kahn (1987) trace the development of employer involvement in family issues in the U.S. from the middle of the 19th century. At that time, concern over high turnover rates, the Americanization of foreign labor, labor militancy, and the threat of government interference led some employers to espouse altruistic family-related goals and others to attempt to exercise social control over their employees. The provisions developed by employers included housing, medical care, school, recreation services, community centers, religious facilities, advice and counseling services, food and clothing programs, pension plans and profit-sharing.

In many instances, these provisions occurred in the context of company towns.

Between 1910 and 1917, "corporate welfare" continued to grow dramatically as the link between employees' well-being and improved productivity became widely accepted. This movement peaked during the 1920s, a period of prosperity, and died as a result of the Depression.

The pressure to provide these benefits existed only when the profits were high, the labor market tight, and the competition for workers intense. Such was not the case in the 1930s.

New Deal policies then gave new strength to the labor union movement, an adversary business had hoped to constrain through company beneficence. The economic conditions spurred more government involvement in providing these benefits. Despite the movement toward the public sector's provision of these benefits, a modified form of employer involvement occurred after World War II. Three factors spurred this development:

- wage controls during the war and the immediate postwar period permitted more bargaining for employee benefits in lieu of wage increases.
- the 1947 Labor Management Relations Act permitted

pensions to be included as a collective bargaining issue.
- industry reports stated employers had both a social and economic obligation to provide employees with social insurance and pensions.

The provision of employee benefits expanded further during the 1970s and early 1980s as tax laws spurred preferential treatment for certain employee benefits including stock ownership, educational assistance, dependent care, cafeteria plans and flexible spending accounts.

These tax-free benefits have been clearly favored over higher wages by some employees. Business has increasingly understood the strategic role of benefits in recruiting certain categories of personnel.

Friedman (1987) and Kamerman and Kahn (1987) have outlined similar lists of factors motivating corporate decision-making on the relationship between work and family issues. These include:

- the desire to attract and retain personnel, especially in times of projected labor shortages.
- the need to be competitive through policies encouraging worker productivity and the reduction of absenteeism/tardiness.
- attempts to become more people-oriented and participatory in management style, usually championed by a high-level executive.
- concern over improving the corporate image in the community.
- pressure from consultant firms who shape the direction of employee fringe benefit packages and influential advocacy groups.
- recognition of the increasing diversity of the labor force, especially as it creates the need for more flexible personnel policies and benefits.
- shifts in public policy in the form of mandated benefits, tax changes, and regulations.

In the arena of employer-sponsored child care assistance, three major themes dominate the current debate. As outlined by Kamerman and Kahn (1987), these include:

- the desire to raise productivity.
- an interest in reducing public social expenditures through a policy of privatization.
- a concern about social and demographic changes occurring in society.

Child Care and Productivity

Productivity is commonly defined as the dollar value of output per employee per hour. It is a function of labor, capital, and management—individually or in some combination. There is a general consensus that the U.S. productivity growth rate has declined since the mid-1960s and the economies of several other countries are stronger than our own. While no consensus has emerged as to why this slump has occurred, many are convinced that the key to raising productivity levels lies in managment's ability to motivate workers.

Employer-supported or sponsored child care assistance to employees is one such motivational tool.

Child care advocates have evidence to support their argument that the provision of such assistance can positively affect the factors that influence productivity levels – labor, capital, and management. In terms of labor as a factor in productivity, employer-sponsored child care assistance can help to attract and retain labor, reduce absenteeism and tardiness, improve employee morale, and enhance the image and recruitment abilities of the employer in the community.

These conclusions are based on research reports that have studied the effects of unresolved family problems on employee work performance and the effects of employer-implemented family support programs on the subsequent work performance.

Table III-1 contains the findings of four studies on the link between family problems and worker productivity. A number of consistent findings emerge from these studies:

- 30 to 60% of employees find it difficult to manage family and work responsibilities.
- The interference between work and family responsibilities is caused both by the inadequacy of family support services and by job conditions such as scheduling.
- The conflict between work and family responsibilities may affect family stress or personal well-being. It also might affect work performance in terms of absenteeism, tardiness or daily interruptions.
- Both male and female employees with dependents generally experience more strain and work/family conflict than employees without dependents.
- Working mothers experience greater work/family conflicts than working fathers.
- The job effects of the work/family conflicts for working mothers are greater than for working fathers. For example, men's absenteeism is low because women's absenteeism rates are high. Women are the ones who stay home with sick children, leave work for an emergency, and are responsible for finding child care. As a result, absenteeism is not a "women's problem" but rather a "family solution."
- Most employees believe that more flexible work policies or family support services would mitigate some of the conflict between work and family responsibilities.

The results of three studies evaluating the effectiveness of employer- sponsored child care on subsequent work performance and productivity are contained in **Table III-2**. These national surveys included employers offering a wide range of child care services including employer-sponsored child care centers, financial assistance plans, flex-time, resource and referral services, and sick child care programs.

Although these findings are based on employers' perceptions of effects, rather than direct measurement of these effects, the findings are again consistent.

The studies found management believed child care service offered improved recruitment, morale, public image and reduced absenteeism/turnover.

Overall, what these studies indicate is the provision of more responsive family support policies, including

Table III-1

Studies on the Effects of Child Care Problems on Worker Productivity

Author/Year	Burden & Googins, 1985	Galinsky, Hughes & Shinn, 1983-86	Emlen & Koren, 1984	Fernandez, 1986
Sample Size	709	733	8,121	4,971
Response Rate	59%	50-53%	40%	71%
Setting	3 divisions in a Boston-based company	2 divisions of the Merck Company in Rahway, New Jersey	Employees from 33 companies/agencies in Portland, Oregon	Management, craft employees in 5 Midwest technical companies
Findings	Parent employees spend 15 to 25 more hours per week on combined work and family responsibilities than do non-parent employees. Female employees are 6 times more likely to stay home with a sick child than are male employees. While at work, more than 1 in 3 parents worry about their children. Absenteeism is most strongly associated with decreased energy levels associated with family/job role strain. More than 33% of employees feel the company is not sensitive to the needs of working parents.	Nearly 1 in 3 respondents found it difficult to manage home and work life. 68% of married women and 51% of married men with children under age 6 cited conflicts between work and family duties. Mothers were more likely to report family conditions as accounting for work/family conflicts; whereas fathers were more likely to report work conditions as the core of this conflict.	59% of the women and 40% of the men reported difficulty in finding child care. Women with children under 12 missed 11.7 days of work per year, compared with 9.6 days for women with no children. Fathers with children under 12 missed 11.7 days of work per year, compared with 9.6 days for women with no children. The highest absenteeism rates were among parents who relied on children for self-care or sibling care.	Among employees with children under 18, nearly 75% had dealt with family issues during work hours. 48% of women and 17% of men had spent unproductive time at work due to child care issues. 75% of women and 58% of men felt more corporate involvement in child care would increase productivity.

Table III-2

Results of Three National Surveys of Employers who Provide Child Care Services

Perry, 1978

Question: "What, if any, of the following changes are changes that have occured as a result of having a day care center for employees?" Respondents were given a list of 7 items and were asked to indicate which had been affected by the child care service.

Survey sample: 58 employers responded, most of which were hospitals with on-site child care centers.

Aspects affected	% who responded affirmatively
Increased ability to attract employees.	88%
Lower absenteeism.	72%
Improved employee attitude toward sponsoring organization.	65%
Favorable publicity because of center.	60%
Lower job turnover rate.	57%
Improved employee attitude toward work.	55%
Improved community relations.	36%

Kathryn Senn Perry, *Employers and Child Care: Establishing Services Through The Workplace* (Washington, D.C.: Women's Bureau, U.S. Dept. of Labor, 1982).

Magid, 1983

Question: "Which of the following items do you perceive as having been affected by the child care program?" Respondents were given a list of 16 items and were asked to rank the top 5 items that were most significantly affected by the child care service. Each item then was weighted according to the number and order of the rankings and a cumulative rank was assigned. (Only positive items were listed, such as "recruitment advantage," "less turnover," "lower absenteeism," etc.)

Survey sample: 204 companies responded

Aspects affected	Cumulative rankings by respondents
Recruitment advantage.	448
Improved morale.	345
Lower absenteeism.	214
Less turnover.	211
Attract persons on leave back to work.	208
Attract available talented employees.	205
Improve employee work satisfaction.	170
Better public relations.	154
Better community image.	137
Less tardiness.	88
Improved motivation.	67
Improved efficiency.	48
Temporary help availability.	26
Tax advantage.	14
EEO provision.	13
Improved product quality.	11

Renee Y. Magid, *Child Care Initiatives for Working Parents: Why Employers Get Involved* (New York: American Management Assoc., 1983)

Burud, et al., 1984

Question: "Would you say that the child care service has had an effect on any of the following aspects of company operation?" Respondents were given a list of 16 items and were asked to rate the effect of the child care program on each as positive, negative, unknown or no effect.

Survey sample: Out of 415 surveys, approx. 178 businesses answered this question. The majority of respondents were employers that sponsor their own day care centers.

Aspects affected	% employers who responded affirm.
Employee morale.	90
Recruitment.	85
Public relations.	85
Employee work satisfaction.	83
Publicity.	80
Ability to attract new or returning workers.	79
Employee commitment.	73
Turnover.	65
Employee motivation.	63
Absenteeism.	53
Scheduling flexibility.	50
Productivity.	49
Quality of work force.	42
Equal employment opportunity.	40
Quality of products/service.	37
Tardiness.	36

Sandra Burud, Pamela R. Aschbacher and Jacquelyn McCroskey, *Employer-Supported Child Care: Investing in Human Resources* (Boston: Auburn House, 1984).

child care, is necessary. High turnover rates and the resulting training costs, as well as employee stress, tardiness, and absenteeism as a result of family/work conflicts undermine the commitment, quality, and stability of labor. These aspects are key ingredients in improving worker productivity.

Employer-supported child care assistance can also impact on the capital component of productivity.

Corporate expenditures associated with child care generally are tax deductible. The child care expenditures of profit-making employers are deductible as business expenses when they are intended to benefit the business by reducing absenteeism and turnover. The costs of child care subsidies to parents or providers, the annual operating cost of child care centers, and the cost of providing resource/referral services are all deductible business expenses in the year they are spent. The capital expenditures associated with the provision of a child care center (acquisition of buildings, renovation, equipment, and furniture) are able to be deducted as depreciation costs.

Employers who set up flexible benefit plans or flexible spending accounts covering the child care costs of employees also benefit from the tax-free status of these services. In addition, business that make charitable contributions to tax-exempt organizations providing child care services for their employees can write off this business expenditure as a charitable contribution for that year.

Management, the final component of productivity, also can benefit from employer-sponsored child care services. Many well-received books and articles have been written in recent years outlining how shifts in managment style and attitude toward employees can enhance worker productivity.

Peters and Waterman (1982) argue that it is management's "attention to employees, not working conditions per se, that has the dominant impact on productivity." Kanter (1983) and Ouchi (1982) cite the importance of progressive human resource policies in producing higher productivity, better quality, lower absenteeism, improved morale, and a more positive public image. O'Toole (1981) argues that productivity declines have resulted from the failure of management to address the increasingly diverse and changing needs of the labor force.

Each of these writers calls for a new corporate culture that is more humanized and innovative than in recent decades. Meeting the increasingly urgent child care needs of two-wage earner families and working single parents would seem a viable avenue for creating a more innovative managment style and, ultimately, for helping to resolve the family/work conflicts that depress employee productivity levels.

Child Care and The Labor Shortage: Facing Socio-Economic Changes

Beginning in the mid-1960s and lasting through the early 1980s, U.S. businesses were faced with absorbing the largest pool of entrants into the labor force in our history, the baby boom generation.

Given the size of this labor force, U.S. employers did not see the need for elaborate recruitment strategies or perks. Labor competed with itself for jobs. It was a buyer's market. But this also was the most highly educated generation in our history. Baby boomers entered the labor force fiercely competitive and with great expectations about what a job should offer.

This large baby boom generation, now aged 24 through 42, comprises the core of families with children.

Growing proportions of these families are two-wage earner families and single parent, primarily female-headed, households. The feminization of the labor force has been phenomenal in recent decades.

Constituting some 44% of the labor force, women account for more than 70% of the increase in the size of the labor force in the 1980s and it is projected that they will continue to do so in coming decades.

In 1986, 63% of women with children under age 18, 54% of women with children under age 6, and 51% of women with children under age 1 were employed in the labor force.

Parents of pre-schoolers make up 20% of the U.S. workforce. Given the size of this baby boom generation of working parents, the demand for child care to balance work and family responsibilities is great.

Demographic trends tend to occur in discernible cycles. The prosperous conditions following World War II produced the baby boom. The scarcity of perceived economic opportunity, as a result of that baby boom, has since produced the baby bust.

Starting in the mid-1960s and lasting to the latter 1970s, birth rates in the U.S. started on a downward trend. Faced with the fierce competition in the labor market, baby boomers delayed childbearing and lowered their birth rates compared to their parents' generation. The resulting "baby bust," already felt in the nation's schools and universities, is only now beginning to be felt by the nation's employers.

What had been a buyer's market increasingly will become a seller's market. The Bureau of Labor Statistics reports that the number of workers aged 16 to 19 has declined 20% in the last ten years and the number of 20 to 24 year old workers is beginning to show a similar decline (Stevenson Supple, 1986).

As this smaller generation progresses into the labor force, U.S. businesses will have to devise strategies for dealing with the projected labor shortages that will follow. Not only will employers have to compete for the services of this smaller generation of labor force entrants, they also will have to strategically plan for how to fill the job openings resulting from the retirement of the baby boom generation, starting in the second decade of the 21st century.

Three strategies are important in stemming the labor shortage in coming decades:

- Increase the net immigration flows into this country. It is estimated that 1.3 million immigrants enter into the U.S. each year—most legally, some illegally. But this source of labor is uncertain, both in terms of the political climate on the issue and the lack of skills that many of these immigrants bring with them.
- Develop technology and automation to lessen the overall demand for labor.
- Further increase the labor force participation rates of groups who are currently not in the labor force.

Male labor force participation rates have been steadily declining and are expected to continue to do so through the year 2000. In contrast, more women are willing to go to work. There is a gap between women's potential labor force participation and actual participation rates.

Better child care could bring more women into the labor force. Better child care would allow more women to work more hours.

According to the 1982 Current Population Survey, conducted by the Census Bureau, 26% of non-employed mothers with pre-schoolers said they would work if "reasonably priced child care were available." This figure represents a potential addition of 1.7 million women to the labor force. Also, 13% of employed mothers of pre-schoolers (representing almost 700,00 workers) said they would work more hours if additional or better child care were available (Bloom and Steen, 1988).

Expanding the supply of child care services requires more child care workers. In such a tight labor market, higher wages must be offered to attract workers into the child care industry. These higher wages will result in higher child care costs, making care more difficult for families to afford.

Financial assistance both from government and employers to offset these higher child care costs will become increasingly necessary to stave off projected labor shortages. A discussion of the options available for employer-sponsored child care services can be found in Section IV of this report.

As noted earlier, demographic trends occur in cycles. Baby booms (labor surpluses) are followed by baby busts (labor shortages). Baby busts produce baby booms. According to economist Richard Easterlin (1968; 1978), business cycles, cohort sizes, and birth rates operate in tandem.

The baby bust generation, being relatively small in size, will face a seller's market for economic opportunity. This perception of greater economic opportunity, because of the smaller cohort size, will result in higher birth rates (another baby boom) in the late 20th and early 21st centuries. This future baby boom, while not as large as that following World War II, may further intensify and continue the demand for employer-sponsored child care services. Employee benefits such as child care, now considered progressive and liberal, may become as commonplace as health insurance and vacation time.

Child Care and Economic Development

Early in his first administration, President Reagan proclaimed a policy of privatization. The objective was to reduce federal social expenditures and to get the private sector more involved in carrying out many social programs. In 1981, he established the Task Force on Private Sector Initiatives. Its goal was to identify successful model school, church, business, union, foundation, and civic programs that could help communities meet those social needs previously addressed by governmental programs. The Task Force presented its final report in December, 1982. In 1983, the Private Sector Initiative, in collaboration with the Department of Health and Human Services, launched an employer-supported child care project to encourage the development of employer-sponsored programs and to fund demonstration projects.

In addition, the Task Force organized two nationwide series of forums. The CEOs of leading corporations and a few child care advocates discussed what corporations could do to support child care services for their employee-parents. By 1985 the initiative was largely abandoned, a victim of the lack of federal follow-through efforts.

Other governmental pressures continued, however, to press for privatization, for corporate philanthropy, for state and local initiatives, for partnerships between industry and local communities. These pressures included:

- the passage of the 1981 Economic Recovery Tax Act allowing corporations to contribute up to 10% of their taxable income to charity (double the previous limit) and exempting that amount from taxation. This legislation also allowed for the establishment of Dependent Care Assistance Plans (also known as Section 129 plans) permitting employers an exclusion from gross income for the value of employer-provided child care services.
- limited block grants by states and local governments to encourage employer involvement in child care.
- activities designed to make state governments "model employers."
- initiatives stressing the economic development function of child care services.

These governmental pressures toward private sector solutions were further supplemented by pressures from the media and from child care advocates for employers to do more to respond to the child care needs of their employees. As a result of this privatization thrust, state/local governments and communities began to respond with their own "economic development" plans.

In competition for shrinking federal dollars, these entities sought to develop strategies for improving and maintaining a healthy economic base to support themselves. Partnerships between state and local governments and business, especially Chambers of Commerce, were forged. Economic development planning groups were formed at both state and local levels to plan their strategies.

"Economic development" became the buzz phrase of the 1980s. Economic development, regardless of the popularity of the phrase, is seldom defined or orchestrated in any comprehensive fashion. Rather, it is typically measured by a variety of discrete economic indicators such as growth in average wage rates, unemployment rates, the number of new jobs created, the growth in the tax base, and the industrial mix of the area.

Other non-economic indicators also are included to profile the potential for economic development in an area—such as educational attainment levels of the labor force, educational resources, especially technical training, the degree of unionization in the labor force,

and the geographic stability of the population base.

In a general sense, economic development is the process by which an area attempts to develop and sustain a better quality of life for its residents.

Typical strategies in this economic development process involve tax abatements, the creation of urban enterprise zones and industrial parks, low interest loans to small business, improvements in public facilities (i.e., sewage systems, road and highway improvements), and sometimes, the relaxation of regulations relating to industrial emissions and waste management. With these strategies, economic development groups seek to:

- attract and retain a number of industrial jobs.
- create an economy of scale and a complementary mix of industries.
- provide a tax base adequate to finance necessary public services to both business and residents.
- ensure enough economic security to provide an acceptable quality of life to its residents.

The provision of child care is part of the economic development process in two important ways.

First, as noted earlier, for business to maintain its productivity, it must be able to attract and retain committed labor through the provision of employer-sponsored child care services. Likewise, for a community or locality to be able to attract and retain industry, it must be able to provide evidence of a productive labor force. In the aggregate, a well-developed and funded network of child care services for the community's labor force is of paramount importance in this endeavor.

But also, child care is part of the economic development process because it is an industry.

The provision of child care services directly creates jobs in the local economy as well as indirectly creating jobs through the attraction of its suppliers to the area.

Two states, North Carolina and Massachusetts, developed initiatives stressing the economic development function of child care services. North Carolina, with the highest rates of female labor force participation in the country, was one of the first states to address the role child care can play as a strategy for economic development.

Recognizing that many of the important industries in the state employed large numbers of women, state officials set out to stabilize this labor force to attract more industry. It did so by expanding the supply of child care and improving the quality of that care to draw more industry into the state.

In relative terms, the child care standards in North Carolina still are low, but improving. The supply of child care services has been increased as a result of this strategy.

In a similar fashion, Massachusetts developed an even more elaborate statewide strategy for child care. By early 1986, implementation was underway in the state to:

- set up an Office of Children to develop and monitor state child care regulations and standards.
- provide statewide resource/referral coverage for child care.
- expand the number of subsidized child care slots in the state.
- raise the salaries of child care workers by 32%
- enact a pilot grant program through the Board of Education to enable local communities to develop innovative early childhood programs for 3 and 4 year olds and enhanced kindergartens.
- establish an Office of Economic Affairs that encourages employers to establish on-site centers, through the provision of below-market rate loans (Kahn and Kamerman,1987).

Massachusetts with the lowest unemployment rate in the country, a growing base in high technology, and a highly skilled labor force, views the provision of child care as an essential device for attracting more related industries.

Overall, adequate child care not only makes it possible for economic development plans to be effective, but also provides a viable avenue for creating economic development.

IV. Employer-sponsored Child Care Options

"Business, labor and government should encourage and implement employment opportunities and personnel policies that enable persons to hold jobs while maintaining a strong family life. Family-oriented personnel policies can result in reduced absenteeism, greater productivity and decreased stress. Toward such desirable ends, there is need for creative development of such work arrangements as flex-time, fflexible leave policies for both sexes, job sharing programs, dependent care options and part-time jobs with pro-rated pay and benefits"
(Kamerman and Kahn, 1987).

The foregoing was a major recommendation of the 1980 White House Conference on Families.

While this conference had no impact on the subsequent content of public policy, it was an important gathering in that, regardless of ideology, 92% of the participants overwhelmingly agreed that business needs to initiate personnel policies which are more sensitive to the needs of the family unit. Employer-sponsored or supported child care services is a signficant arena for a more responsive workplace.

Employer-sponsored child care is not a new development in this country. As far back as the late 19th century, company nursery schools and day nurseries appeared. In southern cotton mill towns, infants as young as six to eight weeks old were cared for in company-sponsored nursery schools to accommodate their mothers' employment in the mills. Carnegie Steel provided day nurseries for the infants and preschoolers of women whose husbands had died while employed in the steel industry. This provision of day care allowed these widows the opportunity to find and retain gainful employment.

At the onset of World War I, the U.S. Department of Labor projected that an ample supply of male workers negated the need for increases in female labor force participation.

Despite this conjecture, the number of women in the paid labor force increased by one million during the war and by the last weeks of the war effort the Department of Labor was calling for more female entry into the labor force.

Although fragmentary, evidence does suggest that industrial day care centers were opened during this period, especially in certain localities where labor shortages where acute. Most of these closed at the end of the war. A similar expansion and retrenchment process in employer-sponsored child care services occurred during World War II. In addition to the child care centers funded by federal monies a number of notable wartime industries opened their own centers to encourage female labor force participation.

Curtiss-Wright, a builder of war planes, opened a center for employees' children at its Buffalo, New York location as did Kaiser shipyards in Portland, Oregon with the help of federal funds through the U.S. Maritime Commission. The Kaiser centers were open 24 hours a day for 22 months, enrolling some 4,000 children. They were closed in September, 1945 as the war's end approached.

Industrial day care returned to miniscule proportions after World War II.

In 1950, 17 such employer-sponsored centers were reported across the country. Most often, these centers were associated with cotton mills and textile manufacturing, industries dependent on female labor. Most of these centers were on-site and quality of care was not yet an issue. The rarity and seemingly short life span of these employer-sponsored centers mirrored the fact that these centers served "temporary, localized, and particularistic labor shortages" (Greenblatt, 1977).

During the 1960s and early 1970s, there were a number of demonstration work-site programs designed to recruit workers and stabilize local workforces. A few employers claimed positive consequences, such as reduced turnover at a relatively low cost. Others found that their sponsored centers were not used to the extent expected. In some cases, productivity increases and reduced absenteeism did not materialize to the extent anticipated.

By the early 1970s, approximately 150 to 200 employer-sponsored centers remained and a pattern emerged. More than half of these centers were in hospitals, health care facilities and other non-profit institutions (Kahn and Kamerman, 1987).

Employer-sponsored child care was occurring primarily in those industries dependent on the female labor force, where demand for such care was fairly constant, and in those settings where pecuniary interest was not the major motivating factor.

Between 1970 and 1980, the number of employer-sponsored child centers actually declined. This pattern remained until the early 1980s when there was re-awakened interest.

A number of factors spurred this renewal, as cited in earlier sections of this report.

On the supply side, the emphases on decentralization, deregulation, and privatization in federal govern-

ment policy circles affected the availability, accessibility, and quality of child care. Decentralization of federal policy objectives meant cutbacks in Title XX funding for low-income families, resulting in fewer child care options for this population.

Similarly, the elimination of the requirement for the states to match these federal dollars for low-income families resulted in a more uneven availability of child care services state-by-state. Policies aimed at deregulation further affected both the accessibility and quality of available child care.

The failure of the federal government to implement minimum federal standards allowed the states to continue to bypass issues of quality care and encouraged the expansion of proprietary child care chains.

In many instances, the cost of child care at these proprietary centers is prohibitive to even the middle income, two-earner family.

Finally, with the trend toward privatization, the federal government called upon the private sector to fill the gap in the provision of child care, in part created by its own policies, and offered tax incentives to corporations and to households to accomplish this free market approach.

At the same time as the supply of child care was becoming more stratified in availability, accessibility, and quality, the demand for child care was increasing across the country.

First, as the labor force participation rates of women with preschool children, especially infants, increased and traditional sources of child care decreased, the demand for organized child care options to balance family and work responsibilities heightened.

Second, United Way and private philanthropies were besieged with requests to fill the gap left by Title XX funding cuts. However, while United Way allocations for child care increased 15% between 1981 and 1985, these resources represented only a shift from 2.4% to 2.8% of all such community expenditures (Kahn and Kamerman, 1987). As a result, the demand for new community initiatives in child care, involving both the private and public sectors, became even more apparent.

Third, employers, recognizing the growing need to maintain their competitive edge to attract and retain a stable labor force in light of coming labor shortages, have come to view the provision of child care services to employees as a means to:

- increase worker productivity.
- improve employee morale.
- reduce absenteeism.

Employers, with the help of knowledgeable advocates in the child care field, have come to discover that the corporate child care options from which they can choose are not limited to the provision of on-site or near-site child care centers.

Current Statistics on Employer-sponsored Child Care

Between 1982 and 1986, the number of U.S. employers offering some form of child care services to their employees has increased from 600 in 1982 to 1,500 in 1984 to an estimated 2,500 to 3,000 as of 1986 (Kahn and Kamerman, 1987).

Dr. Dana Friedman, affiliated with the Conference Board, estimates that among this group are:

- 400 hospitals with on or near-site centers.
- 150 corporations (and 30 public agencies) with on or near-site centers.
- 300 employers who have contracted with large proprietary chains (e.g., Kinder-Care) to offer discounts to employees' children.
- 500 companies operating resource and referral services.
- 75 firms with cafeteria style or flexible benefits plans that include child care options.
- 80 firms with flexible spending accounts or salary reduction plans that include child care options.
- 25 firms with reimbursement or voucher plans for employee child care expenses.
- 20 firms with sick child care initiatives.
- 75 companies involved in providing school-age child care services.
- 200 employers who have made contributions to existing community child care centers.
- 200 companies that offer parenting seminars to their employees on a regular basis.

It should be noted that this breakdown reflects the fact that a number of employers offer multiple child care services and are counted more than once. While these efforts are promising, they represent a minority of the six million U.S. employers or the 44,000 companies with 100 or more employees (O'Connell and Bloom, 1987).

Employer Options in Child Care

The following is an attempt to describe the various child care options available to employers, present examples of the implementation of each option, and identify the advantages and disadvantages of each option. The framework of options used is one developed by Dr. Dana Friedman (Friedman, 1986).

The examples of how employers in different industries have implemented each option come from a variety of sources including Burud et al (1984), Burud (1985), the Child Care Action Campaign (1986), Friedman (1986), Kamerman and Kahn (1987), the U.S. Department of Labor (1982) and various articles on more recent trends among particular industries or specific employers. Tables IV-1 and IV-2 at the end of the chapter contain listings of employer-sponsored child care options and employer-sponsored consortium efforts in child care.

Creating or Supporting Direct Services

On- or Near-Site Care

Employers can develop new centers at or near their premises through a variety of financial and manage-

ment arrangments. Company-owned and company-managed centers may be organized as a department within the company or as a profit-making subsidiary of the company. The employer can contract for an externally-owned and managed center, typically with either a proprietary chain or a non-profit organization. Most often, however, employers choosing to offer such center-based care to their employees set up a new, non-profit corporation that involves the cooperation between the employer, the employees, and the community. Currently, there are some 650 on or near-site centers sponsored or supported by employers. The vast majority of these are affiliated with health care facilities and manufacturing industries.

Examples:

(1) In 1977, Hoffman-LaRoche, a major manufacturer of pharmaceuticals in Nutley, New Jersey, opened its child care center in a renovated house near the work-site. The center is run as a department of the company and the center staff are company employees with full benefits. Licensed for 46 children (ages 2 1/2 to 7), the center not only maintains stringent requirements for staffing, but also offers a wide range of supplemental services such as health screening, parent education, speech therapy, and referrals to other community child care centers.

(2) Intermedics of Freeport, Texas, a manufacturer of heart pacemakers, opened its near-site center in 1979. The center is operated wholly as a profit-making subsidiary of the company and the expenses incurred by the company (80% of the operating costs) are declared as business expenses. Within the first two years of operations, company officials reported a 60% drop in the employee turnover rate and a net benefit to the company of $500,000. The center can accomodate 292 children and, on average, serves some 209 children (ages 6 weeks to 6 years). Although large, the center maintains a favorable staff/child ratio, has a sound educational curriculum and stable staff with training in early childhood education.

(3) In 1980, Merck Pharmaceuticals in Rahway, New Jersey provided start-up funds for an employee-run, near-site child care center, the Employee's Center for Young Children Inc. This center is a separately incorporated non-profit entity. For the first three years of operation the Merck Company underwrote the operating deficits of the center. The center serves 58 infants and preschoolers. Merck has subsequently opened two other centers near its plants in West Point and San Diego.

(4) The Florida Medical Center of Fort Lauderdale, Florida chose in the early 1980s to contract with a child care chain, Kinder-Care, to provide child care to its employees. The hospital guarantees the externally-owned and managed center a certain number of filled spaces in exchange for reduced parent fees.

Advantages:

- Offers high community visibility.
- Can be an effective recruitment tool.
- Humanizes the work place.
- Enables employees to spend more time with children.
- Encourages quality of care because the employer is concerned with visibility and liability.
- Reduces absenteeism and tardiness.
- Reduces employee stress.
- Tax deductible. (Burud, 1984; Friedman, 1986)

Disadvantages:

- Most costly of all options.
- May not serve all employees' child care needs.
- May be difficult to predict use; demand may fluctuate.
- May not be feasible for a multi-site company.
- May not be suitable for parents using public transportation. (Burud, 1984; Friedman, 1986)

Consortium Centers

In an attempt to share costs, risks, and benefits of establishing and maintaining a child care center, a number of companies with similar interests and/or proximity to each other can form a consortium center.

Such consortia typically are found among downtown businesses, industrial park employers, and shopping mall residents. A consortium center is especially feasible for small employers who otherwise could not afford to offer such an employee benefit.

The National Employer Supported Child Care Project (Burud, 1984) counted 125 examples of child care services sponsored by two or more companies. These centers involve a wide range of cooperative agreements between sponsoring companies. Some consortia involve highly structured inter-company agreements, with boards of directors comprised of representatives from each particpating company; others are looser in structure whereby several companies agree to provide start-up and/or operating funds for already existing facilities in the community.

Typically, such a multiple funding and enrollment base allows for more comprehensive programs than a single company center would warrant or could afford.

Examples:

(1) In 1968, a consortium of seven hospitals in Houston, Texas was formed to open the Renilda Hilkemeyer Child Care Center. In addition to parent fees, the seven hospitals contributed to cover any operating deficits. These costs are split among the 7 hospitals, based on a pro-rated percentage of employee usage. Licensed to serve some 323 children (ages 6 weeks to 6 years), the center has tripled its enrollments since opening. It is open 24 hours a day, 7 days per week.

(2) Grieco Brothers, a manufacturer of men's clothing in Lawrence, Massachusetts, spearheaded the opening of its on-site center in 1986. Contributions from a nearby mill, Polo Clothing Corporation, the Lawrence City Council, and several foundations as well as a low-interest loan from the Massachusetts Industrial Finance Agency provided the start-up funds for space renovation. Operating costs and parent fees are kept at a minimum due to a per-employee one-cent per hour contribution negotiated with the Amalgamated Clothing and Textile Workers Union, yielding $21,000 a year, and by subsidies from the state government for low and moderate income parents totalling $298,287/

year.

(3) In 1987, Heller Construction, a developer of industrial parks in Edison, New Jersey, established a non-profit corporation and contributed $800,000 to build the John Kenney Child Care Center on one acre of the 265-acre Heller Industrial Park. Half of the 100 spaces in the center are open to the employees of 38 companies leasing space in the industrial park and the remainder are open to the community. The center charges $50/week per child and has a staff of 25 who receive between $365 and $385 per week in salary. Heller Construction subsidizes the center at $16,000/month. While this center was a developer-initiated project, employers in the industrial park do have a vested interest in maintaining its availability.

Advantages:
- Resources, liability and costs are shared.
- Allows small companies to participate.
- The large size of the combined labor pools protects against under-utilization. (Friedman, 1986)

Disadvantages:
- May involve costly negotiations between participating companies.
- The combined labor pool may be so large that the center cannot serve all interested employees. (Friedman, 1986)

Family Day Care

Employers contract with local agencies to recruit, train, and assist people in becoming licensed child care providers in their own homes and to develop networks of such family day care situations across the community.

The National Employer Supported Child Care Project (Burud, 1984) found only five companies who offered such a service as their primary activity; four others offered the family day care option as a supplement to other child care activities.

This type of care is the most utilized for infant care.

Examples

(1) Southland Corporation of Dallas, Texas has contracted with Child Care Dallas for a program that recruits, trains, and maintains family day care homes in the commuting path of Southland parents.

(2) In 1986, a consortium effort, spearheaded by American Express and with contributions from the Carnegie Corporation of New York, Con Edison, Coopers and Lybrand, Chase Manhattan Bank, Macy's, Manufacturers Hanover Trust Company, the New York Foundation and Willkie Farr and Gallagher generated the Neighborhood Child Care Initiative Project in New York City. With the aid of Child Care Inc. and $395,000 in funding through these sources, four new family day care networks were formed and two existing networks were strengthened. These family day care networks, sponsored by community-based organizations, help providers obtain licensure, offer training workshops, and offer referrals to these providers.

(3) The Illinois Masonic Medical Center in Chicago, Illinois has sponsored seven family day care homes for its employees since 1976. These family day care homes care for 14 infants and toddlers aged 3 months to 2 1/2 years old.

Advantages:
- Homes may be geographically more accessible than centers.
- Homes may offer more flexibility in scheduling, especially for parents with odd work hours.
- Start-up and maintenance costs are low.
- Homes with different developmental philosophies and caregiver styles allow more parental choice. (Burud, 1984; Friedman, 1986)

Disadvantages:
- High provider turnover.
- Homes must be monitored for quality.
- Less visibility for company. (Burud, 1984; Friedman, 1986)

School-age Child Care

Employers can provide services to the school-age children of working parents before school, after school, and on holidays by a variety of measures.

Employers can directly provide school-age child care in their sponsored centers, through family day care networks, through contracts with local school systems, park and recreation departments, and YMCAs as well as providing "warm lines" (telephone hotlines) to children caring for themselves during these times. Indirectly, employers can either provide transportation to/from such programs or donate the funds for community programs to purchase the same.

Currently, only 75 companies are providing such school-age services.

Examples

(1) Southwestern Bell, headquartered in St. Louis, Missouri, provides after-school "warm lines" for school-age children of working parents. These lines not only provide help for children faced with an emergency at home, but also offer counseling and homework assistance until their parents arrive home. This program is housed in a local TV station, KCTV, and the phones are staffed by senior citizens.

(2) In 1982, following a three year study funded by the Gannett Foundation, the Kid's After-School Recreation and Enrichment program (KARE-4) was started in Sioux Falls, South Dakota. With the technical assistance of the Sioux Falls Argus Leader, a subsidiary of Gannett, the KARE-4 program (a cooperative effort of the Boy's Club, the Girl's Club, the YMCA, and the YWCA) was awarded $40,000 to lease vans and city buses and hire a project coordinator to oversee the transportation of 60 school-age children per day to the existing recreation and enrichment programs at the above-mentioned sites. With the solicitation of additional employer support, this program hopes to increase the transportation facilities available to be able to serve up to 500 children per day.

Advantages:
- Relatively inexpensive.
- Simplicity of program development, especially if added to existing programs.
- Positive public and community relations. (Burud, 1984)

Disadvantages:
- Geographic spread of children.
- Staff scheduling problems. (Burud, 1984)

Vacation Care

Employers can provide child care to school-age children during holiday breaks and in the summer months. As in the case of school-age child care, these efforts can take many forms such as contracting with existing centers and family day care homes on a part-time basis, providing transportation to/from existing services, or establishing day camps for this age-group of children.

Examples

(1) In 1973, Fel-Pro, a manufacturer of chemical and automotive gaskets in Skokie, Illinois, established a summer camp program on 220 rural acres 40 miles from its factory. Designed to serve 300 children aged 6 to 15 years old, the camp includes a swimming pool, ball fields, picnic areas, camp crafts, and nature and sports programs. The company spends, on average, $80,000 per summer on the program, staffing the camp with 24 counselors and providing transportation from the plant to the camp and back on a daily basis.

(2) The 3M Company, a mining conglomerate, sponsors and coordinates a day camp for employees' school-age children. Buses pick the children up in the morning for trips to area museums. Afternoons are spent at the YMCA where parents pick them up at the work day's end.

Care for Sick Children

Employers can choose to provide services for the care of their employees' sick children (either center or home-based care), thereby reducing absenteeism, or revise their sick leave policies to allow parents to stay home and care for their sick children.

At present, only 20 companies have such sick child programs and only 29% of all employers have paid time-off for such situations.

Examples

(1) The Levi-Strauss and Hewlett-Packard foundations donated the funding to create a "sick bay" program in the San Juan Batista Child Development Center in San Jose, California. Able to care for 15 sick children, ages 2 months to 12 years old, the program is staffed by licensed nursing personnel and assistants who have health-related training. The city of San Jose also gave a block grant to maintain the existence of this program at this center.

(2) In 1975, a consortium effort by First Minneapolis Bank, Northern States Power Company, and Tennant Company in Minneapolis, Minnesota resulted in a corporate donation to Child Care Services Inc. to provide in-home sick child care. Serving 10-20 families per month, this program sends health care personnel into the home to care for employees' sick children.

Advantages:
- Reduces employee absenteeism. (Burud, 1984)

Disadvantages:
- High cost per child.
- Programs can be complex to administer.
- Demand fluctuations. (Burud, 1984)

Providing Information

Resource and Referral Services

Many employers consider this option as the starting point in considering other choices. Rather than creating a new employer-sponsored or supported program, the company maintains a listing of available centers and family day care home providers in the community, offers employees access to this information, and makes referrals to providers of these existing resources.

Some companies have contracted with existing community agencies offering such a service.

At present, there are some 200 agencies nationwide offering resource and referral services to parents and some 500 employers who have contracted with them for these services. While this approach to meeting employee child care needs relies on existing resources and does not directly create new facilities in the community, it may indirectly stimulate the supply of such services by creating an organized demand for more services in the community.

Examples:

(1) Steelcase, a leading manufacturer of office furniture in Grand Rapids, Michigan, was one of the first U.S. companies to establish an in-house resource/referral service to employees. Child care coordinators, who are company employees, offer a wide range of services such as resource and referral to existing centers and family day care homes, parenting seminars, technical assistance to providers via workshops and monthly newsletters as well as advocacy for improving the quality of community facilities.

(2) In 1984, IBM initiated a contract with Work and Family Directions, a private resource/referral agency in Boston, Massachusetts, to provide this service as well as parent education to its employees throughout the country. Through the development of a national network of services, 90% of IBM employees in 45 cities received access to resource/referral services through this contract. Some 200 contracts with other resource/referral agencies around the country provided this service to the remaining 10% of IBM employees in need of such services. IBM has also contributed computer and other support resources to local resource/referral agencies across the country to facilitate their expansion as well as to create such services where none previously existed.

(3) Integrated Genetics Inc., a biotech business in Framingham, Massachusetts, has contracted for

resource/referral services. For $3,500 per year, this company of 300 provides its employees with a listing of 1,300 child care providers in the community. In addition, it offers parent seminars four times per year.

Advantages:
- Short start-up time.
- Relatively low cost.
- Utilizes existing child care resources.
- Can be initial stage of larger child care commitment.
- Serves all employees with child care needs.
- Can stimulate community supply of child care resources.
- Works well for multi-site companies. (Burud, 1984; Friedman, 1986)

Disadvantages:
- May not improve the quality, supply or cost of existing child care.
- Requires considerable publicity at the workplace. (Burud, 1984; Friedman, 1986)

Parenting Seminars

Companies can offer a series of informal seminars and workshops on balancing workplace and family responsibilities as well as offering information on available child care in the community. These seminars may be either in-house or contracted to outside consultants.

Approximately 1,000 companies are currently involved in the provision of such services.

Examples:

(1) A consortium of 14 banks, 1 insurance company, a manufacturing firm, and the Department of Employee Relations in St. Paul, Minnesota provide a series of noon-time parenting seminars to their employees. These informational meetings are presented by community consultants who are reimbursed by the consortium members.

(2) The Texas Institute for Families, a non-profit agency in Houston, Texas, contracted with four companies—Texas Commerce Bank, Exxon, United Gas Pipe Line, and Prudential—to offer working parent seminars.

Advantages:
- Start-up is minimal.
- No ongoing administrative responsibilities.
- Provides a forum for assessing employee child care needs.
- May reduce employee stress. (Friedman, 1986)

Disadvantages:
- Employees may feel uncomfortable voicing their concerns at the workplace.
- Employers may feel pressured to respond to identified employee parenting issues. (Friedman, 1986)

Providing Financial Assistance

Given that child care is the fourth largest budget item for working parents, a popular employer-sponsored option is helping employees pay for child care. Such financial assistance addresses the pressing issue of affordability. This assistance typically takes four forms: employee discounts at existing centers, reimbursement programs, flexible benefit plans, and flexible spending accounts.

Discounts (vendor programs)

Companies arrange for employee discounts at existing child care centers.

Typically, these are 10% discounts, often matched by employers, at a number of well-known proprietary chains across the country. Kinder-Care, the largest chain, has over 1,000 centers in 40 states and has developed an employer-sponsored program, called Kindustry; Children's World has 239 centers and gears its package to meet the needs of parents with unpredictable work schedules; La Petite Academies has over 500 centers in 24 states and its 10% discount program is utilized by 155 companies (Axelrod, 1987; Child Care Action Committee, 1986; Kahn and Kamerman, 1987).

Most often, the appropriate vendor is determined by the employer. In exchange for such discounts, these centers are guaranteed that a certain number of spaces will be filled on a regular basis. An estimated 300 companies currently have discount programs for child care in operation.

Examples:

(1) Brookwood Medical Center in Brookwood, Alabama contracted with Kinder-Care to provide a discount to its 1,800 employees. Kinder-Care discounts its price 10% which is matched by the medical center. Brookwood spends approximately $4,800/year on its discount program.

(2) Phil Crosby and Associates, an agriculture concern in Orlando, Florida, contracted with Community Coordinated Child Care (4C) of Central Florida, a non-profit community-based agency, to provide its 130 employees with child care at a 50% reduction in cost. This 4C agency also provides resource/referral services to employees and handles all employer subsidy payments and records.

Advantages:
- Low cost.
- Little administrative responsibility.
- Can be expanded or retrenched with needs of employees.
- Limited liability concerns.
- Favorable publicity as vendor promotes employer to community. (Friedman, 1986)

Disadvantages:
- Employees may be limited as to choice of vendor.
- Employees may be turned away if vendor is at capacity. (Friedman, 1986)

Reimbursement (voucher plans)

Employers either reimburse employees upon submission of child care expense receipts or pay the provider directly. In some instances, the employer may specify which providers (centers or family day care homes) may be used, although typically the programs are parent-selected.

Most of the 25 companies known to have such a reimbursement system have set eligibility criteria (i.e., sliding scale of fees) based on family income, the average local cost of care, or the ages of children. In this way, employers limit the amount of money spent on child care reimbursement.

Examples:

(1) Polaroid Corporation, headquartered in Cambridge, Massachusetts, initiated its reimbursement program for child care in 1971. The company will pay up to 80% of the child care costs of its employees with annual incomes of less than $25,000/year. This sliding scale voucher is paid directly to the licensed providers utilized.

(2) Zayre Corporation, a retail company headquartered in Boston, Massachusetts, offers its home-office employees up to $20/week reimbursement for child care.

(3) A consortium reimbursement effort is represented by the Village Voice newspaper and United Auto Workers Union in New York City. According to a 3-year agreement, employees at the newspaper are allowed a maximum of $500 toward child care expenses.

Advantages:

- Allows for parental choice of provider.
- Limits administrative responsibility if handled through payroll system.
- Low cost if eligibility criteria are strict.
- Supports existing community facilities. (Burud, 1984; Friedman, 1986)

Disadvantages:

- Depends on good existing care.
- Low company visibility.
- Company may indirectly support programs of low quality.
- Eligibility criteria may cause equity problems. (Burud, 1984; Friedman, 1986)

Flexible Benefit Plans (cafeteria plans)

"Cafeteria" or flexible benefit plans are statutorially defined programs with special tax advantages. In accordance with Section 125 of the Internal Revenue Service Code which allows employers to offer a menu of taxable and nontaxable benefits and Section 129 which specifically allows the development of a Dependent Child Assistance Plan (DCAP) as a nontaxable benefit, an estimated 1,000 companies have developed flexible benefit plans.

Some 50-75% of these plans further include a DCAP. There are three key elements in this approach:

- an inflexible or core package of benefits is offered to all employees.
- employees are allowed a certain amount of flexible credits, or dollars, to purchase individualized benefits (as determined by income and tenure).
- the employee uses these credits to purchase additional desired benefits, including child care.

In many cases, flexible benefit plans increase the total amount of benefit dollars contributed by the company whereas other companies maintain the same dollar value spent on benefits but attempt to increase flexibility in the choice of benefits. In either instance, the goal is to better meet the needs of a diverse workforce as well as to reduce duplication of benefit coverage for two-income couples.

Examples:

(1) In 1982, Comerica Inc., a large bank-holding company in Detroit, Michigan, started its cafeteria plan. Employees may choose how much of the standard benefit package (consisting of medical, life, and disability insurance) they wish to have and apply any earned "benefit credits" to the purchase of other benefits, including child care and dependent life insurance. Some 95% of Comerica's 5,500 employees have selected plans different from the standard benefit package.

(2) Proctor and Gamble, a manufacturing concern headquarted in Cincinnati, Ohio, provides a core of benefits to its employees in addition to optional benefits, including a DCAP. The company also contributesan amount equal to 2-4% of the employee's salary (based on tenure) to the flexible benefits package. On average, $500/year is contributed per employee for dependent care expenses. Proctor and Gamble also sponsors two near-site child care centers for its employees.

(3) American Can Company in Greenwich, Connecticut established its flexible benefits plan in 1979. Employees automatically receive core benefits. The remainder of benefits selected are determined by the number of flexible credits they have. These flexible credits represent the difference in value between the new core benefit package and the level of benefits received prior to the initiation of the program, based on age, salary, and tenure.

Advantages:

- Reduces equity concerns.
- Offers flexibility to employees. (Friedman, 1986)

Disadvantages:

- High implementation costs.
- Affected by tax law uncertainties. (Friedman, 1986)

Flexible Spending Accounts (salary reduction plans)

As a variation on the reimbursement option discussed earlier, flexible spending accounts permit employers, with agreement from the employee, to reduce the employee's salary by up to $5,000/year and place these pretax dollars into a spending account for child care.

Such a system may also include an employer contri-

bution or a portion of profit-sharing funds, but most often strictly a salary reduction program is used.

These deferred compensation agreements, allowed by Section 401(k) of the Internal Revenue Service Code, benefit both employees (who receive a tax-free benefit and lower taxes on income received) and employers (who do not have to pay the social security or other taxes on these pretax dollars). Only 80 companies currently have such a flexible spending account plan for child care. In part, these plans are affordable only to employees with above average salaries.

Examples:
(1) Group 243 Inc., an advertising agency in Ann Arbor, Michigan, initiated its flexible spending account program based on salary reduction in 1982. Group 243 also subsidizes 25% to 50% of the cost of a child care center it established for its employees.

(2) Chemical Bank in New York City not only allows up to $5,000 in salary reduction for child care each year, but also contributes $300 per employee and a portion of profit-sharing funds for the purchase of child care for its employees.

Advantages:
- Low costs.
- Can control or reduce benefit costs. (Friedman, 1986)

Disadvantages:
- May not be helpful if supply of care in the community is inadequate.
- Lower-paid employees may not be able to afford such a plan. (Friedman, 1986)

Sharing in Community Solutions

In many instances, employers choose to support child care initiatives in the community at large rather than directly providing such services to their employees. This approach not only may stimulate consortia and expand the supply of affordable, quality child care for under-served populations, but also may serve to increase the visibility and public recognition of that employer in serving the community.

Such community-based initiatives take many forms including financial and in-kind donations for the start-up of child care facilities, equipment purchases, technical assistance, and quality-control efforts. At least 200 employers have made such contributions.

Examples:
(1) The Corporate Child Care Development Fund, sponsored by the Levi-Strauss Foundation, the Texas Department of Human Resources and some 19 other corporations, is a separate, non-profit organization in Austin, Texas to solicit corporate contributions for child care. These funds are used as donations to maintain existing child care facilities or start up new facilities (especially in rural and under-served areas), to purchase equipment for these providers, to award scholarships to local community colleges for the training of child care providers, and to pay for management training for child care administrators of non-profit child care programs.

Austin, Texas to solicit corporate contributions for child care. These funds are used as donations to maintain existing child care facilities or start up new facilities (especially in rural and under-served areas), to purchase equipment for these providers, to award scholarships to local community colleges for the training of child care providers, and to pay for management training for child care admnistrators of non-profit child care programs.

(2) In 1984, a consortium of nine corporate foundations, spearheaded by Bank America, two utilities, and a combination of state, city and county governments in California, launched the California Child Care Initiative. This community-based initiative attempted to use the 65 state-funded resource/referral agencies to recruit and train new child care providers, especially for family day care. In the first two years, $700,000 was spent on development, piloting and program evaluation. In the pilot year alone 1,000 more children were being served by 200 new licensed providers recruited and trained through this initiative.

(3) The National Association for the Education of Young Children recently developed a new system to accredit quality child care programs. One step in this accreditation process is an on-site validation visit prior to the accreditation decision.

Mervyn's, a retail concern in Hayward, California, provided the money to train validators in seven western states. In this way, the accreditation process (and the quality it attempts to ensure) is made possible by those providers seeking it.

Advantages:
- May produce more comprehensive results for the community.
- Good public visibility of effort. (Friedman, 1986)

Disadvantages:
- Difficulty prioritizing community child care needs. (Friedman, 1986)

Easing Time Constraints (Flexible personnel policies)

Rather than develop a new child care policy or program directly, employers often find it valuable (and less costly) to institute more flexible personnel policies in an attempt to address conflicting demands from family and work life.

A number of options are available in this respect: flex-time, job sharing, flexiplace (i.e., working at home), personal leave time and parental leave time.

Which options are selected by a company depends on management needs, employee needs/preferences and community resources.

Flex-time

Employees are able to choose what time they arrive at work, the time they leave and the number of days a week they are at the workplace, as long as they accumulate the prescribed number of hours worked per day or per week and are present at core hours.

Some 12% of U.S. workers have this flex-time option.

Examples
(1) In 1982, Perkins Geddis Eastman, an architectural firm in New York City, launched its flex-time policy. Employees with child care responsibilities can choose to work 3 or 4 days per week in the office and the remainder at home. They also have an unpaid parental leave policy for new parents for up to 6 months.

(2) Equitable Life Insurance Company offers its employees a choice of several flex-time schedules including a compressed work week, working at home, and a bi-weekly schedule whereby employees work an extra 45 minutes each day and receive the tenth work day off.

Job sharing
Job sharing allows two people to share one full- time job. Salary and benefits are typically pro-rated. While not yet a popular option, companies that have adopted it find that it can eliminate over-staffing, reduce absenteeism, reduce overtime, and is useful as an alternative to lay-offs.

Example:
Bank America in San Francisco allows its management staff to job share. One job sharer works 7 hours per day on Monday through Wednesday; the second works 7 hours per day on Wednesday through Friday. The Wednesday overlap allows for coordination of their activities. The company splits a salary based on 35 hours per week between the two job sharers.

Flexiplace (work at home)
Flexiplace or telecommuting has become a popular personnel policy in some, especial;ly high-tech, industries. While such an option does not totally eliminate the need for child care, it can minimize its cost and benefit the company by reducing salaries, occupancy costs and benefits.

Personal leave time
Employees are given extra days off, in addition to regular sick and vacation days, for the purpose of caring for sick family members or attending to other family concerns.
Currently, 29% of all companies offer personal days off.

Parental leave
Employees are given paid or unpaid leave time at the time of childbirth or adoption.
This option, required through the 1978 Preganancy Discrimination Act extended disability coverage, currently benefits 40% of working women. This leave averages 6 to 8 weeks.
A number of pieces of legislation are pending before Congress that would require employers to offer up to 6 months of unpaid parental leave with guaranteed benefits and job security.

Example:
American Telephone and Telegraph provides an "Anticipated Disability and Care of Newborn Child Leave" to its employees. This personnel policy allows the mother 8 weeks of paid leave, as well as up to one year in combined unpaid leave if both parents are employed by AT&T.

Advantages:
- Low cost.
- Requires little administrative responsibility.

Disadvantages:
- Does not directly address employee child care needs and concerns.

Small Business and Child Care

In June, 1988, Frank Swain, the Small Business Administration's Chief Counsel for Advocacy, testified before the House of Representatives' Small Business Committee on the issue of child care:

"Small business is a vital part of the economy. The new wrinkle for ssmall business in the 1990s will be that, after creating new jobs, it will be difficult to find workers to fill them. The share of women in the workforce is expected to rise to 47 percent and will comprise more than 50 percent of the small business workforce in the year 2000. Small employers will have to become more creative and more expansive in offering compensation and benefits to attract skilled and dependable workers. One aspect of this is child care. With the variety of needs and situations represented in our nation's 18 million small businesses, flexibility must be the hallmark of any child care policy, whether initiated by employers, employees or government."

While child care is an issue for employees regardless of the size of the company by which they are employed, small businesses (i.e., those with fewer than 250 employees) are less likely to offer child care services for their employees than are larger companies. This occurs because small companies do not enjoy the economies of scale or the resources required to start and maintain a child care center.
They may not have the in-house expertise to set up a financial assistance or benefit plan for child care.
Flexibility in scheduling may be lacking due to a less evident division of labor among personnel. Viable child care options for small companies and the influencing factors are topics of a report funded by the U.S. Small Business Administration and completed in March, 1988 by Berkeley Planning Associates. This report, titled "Small Business Options for Child Care," consisted of case studies of 24 small employers (primarily in manufacturing and service industries) in three states (California, Massachusetts, and Vermont) as well as interviews with small business and child care experts, government employees, employees of non-profit organizations, trade associations, and independent consultants.
From these case studies and interviews, the study found that small businesses offering child care benefits

tend to have some combination of the following characteristics:

- a high priority among management to retain employees, especially highly trained ones.
- a broad-based commitment to responsive workplace policies.
- a tight labor market requiring innovative "perks" to attract new employees.
- dependence on female labor.
- a history of rapid growth and financial stability.

The combination of these factors tended to generate four major types of employer-sponsored child care in these small companies:

- reimbursement plans, including vouchers, flexible benefits and flexible spending account plans. These options typically were found in those small companies where the community already had a good supply of child care providers and the company had the tax expertise to oversee such financial arrangements.
- On- or near-site child care centers. While the most expensive option, such employer-sponsored centers typically are found in small towns where the supply of existing child care, especially infant care, is extremely scarce. By offering such a service, the company is able to retain employees.
- Resource/referral services. Usually these services are provided by contracting with an outside agency. This option tends to be chosen where the local supply of child care is good and where a resource/referral agency is available.
- Flexible personnel policies. By far the least expensive of the options, flex-time and infant-in-the-workplace policies are most likely to be evidenced inthose companies whose work environment (including physical layout, job content, and scheduling) are most conducive to these adjustments.

Table IV-1

Selected Examples of Employer-Sponsored Child Care Options

The information contained in this listing is in no means a comprehensive catalog of companies that sponsor child care benefit programs. It is a sampling collected from a variety of sources. The data included in the list is heavily weighted toward Fort Wayne, Allen County and Indiana because the proximity of these firms facilitated easier, more complete access to information. The purpose of this list is to demonstrate the broad variety of professions, businesses and industries that are involved in child care, and to illustrate the variety of options available.

Industry	Company	Location	Program Type
Agriculture	Ceba-Geigy	Fort Wayne, IN	R/R
	South Lake Apopka Citrus Growers	Oakland, FL	Reimbursement
Business Services	ABT Associates, Inc.	Cambridge, MA	Center
	Group 243 Inc.	Ann Arbor, MI	On-site Center
		Ann Arbor, MI	Flex. Spending Acct.
Charitable Inst.	Ford Foundation	New York, NY	Reimbursement
	The Pillsbury Company Foundation	Watsonville, CA	Discounts
	U.S. Sugar Company Charitable Trust	Clewiston, FL	Off-site Center
Communication	CBS	New York, NY	Parental Leave
	Custom Video Communications	Fort Wayne, IN	R/R
			Cafeteria Plan
Construction	Heller Construction Co./Industrial Park	Edison, NJ	On-site Center
Entertainment	Disney	Buena Vista, FL	On-site Center
			Discounts
	Playboy Resort and Country Club	Lake Geneva, WI	On-site Center
	Resort Condominiums International	Indianapolis, IN	Cafeteria Plan
Finance	American Savings and Loan	Stockton, CA	Off-site Center
	Bank America	San Francisco, CA	Job Sharing
	Chemical Bank	New York, NY	Flex. Spending Acct.
	Citibank	New York, NY	R/R
			Parenting Seminars
	Comerica Inc.	Detroit, MI	Cafeteria Plan
Healthcare	Ann Arbor Veterans Administration	Ann Arbor, MI	On-site Center
	DeKalb General Hospital	Auburn, IN	On-site Center
	Mercy Medical Center	Springfield, OH	Off-site Center
	Parkview Hospital	Fort Wayne, IN	Discounts
			R/R
	Rush-Presb.-St. Luke's Medical Center	Chicago, IL	On-site Center
	St. Francis Hopsital	Beech Grove, IN	Off-site Center
	St. Joseph Medical Center	Fort Wayne, IN	Sick Child Care
			R/R
	The Lutheran Hospital of Fort Wayne	Fort Wayne, IN	On-site Center
			Sick Child Care
	Wishard Memorial Hospital	Indianapolis, IN	On-site Center

Insurance	Aetna Life Insurance	Fort Wayne, IN	R/R
	Connecticut General Life Insurance Co.	Bloomfield, CT	On-site Center
	Houston General insurance Company	Fort Worth, TX	Summer Camp Program
	Lincoln National Life Insurance Company	Fort Wayne, IN	Cafeteria Plan
			Flex-time
			R/R
Manufacturing	Amal. Clothing &Textile Workers Union	Verona, VA	Off-site Center
		Winchester, VA	Center
		Chambersburg, PA	Off-site Center
		Chicago, IL	On-site Center
		Hanover, PA	Center
	American Can Company	Greenwich, CT	Cafeteria Plan
	Carlson Craft	N. Mankato, MN	On-site Center
	Corning Glass Works	Corning, NY	R/R
			Off-site Center
	Eaton Printer Products	Riverton, WY	On-site Center
			R/R
	Hartford Steam Boiler	Hartford, CT	Center
	Hewlett-Packard	Palo Alto, CA	Job Sharing
			Flex-time
	Hoffman-Laroche Inc.	Nutley, NJ	R/R
			On-site Center
	Honeywell	Minneapolis, MN	Flex-time
			Discounts
	IBM	Fort Wayne, IN	R/R
	Magnavox	Fort Wayne, IN	Flexible Spending Account
	Maui Pineapple Company Ltd.	Kahului Maui, HI	On-site Center
	Nyloncraft	Mishawaka, IN	On-site Center
	Official Airline Guides	Oakbrook, IL	On-site Center
	Opp Cotton Mills	Opp, AL	Off-site Center
	Polaroid Corp.	Cambridge, MA	Reimbursement
			R/R
	Proctor & Gamble	Cincinnati, OH	Cafeteria Plan
			Centers (2)
	Prospect Hill Industrial Park	Waltham, MA	Off-site Center
	Rea Magnet Wire	Fort Wayne, IN	Job Sharing
			R/R
			Flex-time
	Steelcase Inc.	Grand Rapids, MI	R/R
			Parenting Seminars
Mining	3M	St. Paul, MN	Off-site Sick Child Care
			Parenting Seminars
			R/R
			School-age Day Camp
	Pioneer Corporation	Amarillo, TX	Off-site Center
Professional Svc.	Brookmont Learning Tree Child Care Ctr.	Bethesda, MD	Center
	Child Care of Allen County	Ft. Wayne, IN	Reimbursement
	Denver Public Schools	Denver, CO	After-school program
	Massachusetts Institute of Technology	Cambridge, MA	Family Day Care Network
	Philadelphia Legal Service	Philadelphia, PA	Flextime
	TLC Preschool	Fort Wayne, IN	Discounts
	University of Connecticut	Farmington, CT	On-site Center
	University of North Carolina	Chapel Hill, NC	Sick Child Center

Public Admin.	City of Fort Wayne	Fort Wayne, IN	Cafeteria Plan
	City of Miami	Miami, FL	Center
	Goddard Space Flight Center/NASA	Greenbelt, MD	On-site Center
	National Institute of Health	Bethesda, MD	On-site Center
	New York State Government	Albany, NY	Network of Centers
	State of Illinois	Springfield, IL	On-site Center
	U.S. Dept. of Commerce	Fort Hancock, NJ	On-site Center
Retail	Burger King	South Bend, IN	Reimbursement
	Circle K Corporation	Pheonix, AZ	On-site Center
	Mervin's	Hayward, CA	Training Validators of Quality
	Puget Consumer Cooperative	Seattle, WA	Reimbursement
	Southland Corporation	Dallas, TX	Family Day Care Network
Transportation	American West Airlines	Pheonix, AZ	On-site Center Home-care Program
	Empire Airlines	Oriskany, NY	On-site Center
	Missouri Pacific Railroad	St. Louis, MO	Center
Utility	American Telephone and Telegraph	Piscataway, NJ	R/R
	Elizabethtown Gas	Elizabethtown, NJ	Discounts
	General Telephone North	Ft. Wayne, IN	Flexible Spending Account
	Mountain Bell Telephone Company	Denver, CO	On-site Center Parenting Seminars R/R
	Northern States Power Company	Minneapolis, MN	Cafeteria Plan R/R

Table IV-2

Examples of Child Care Consortium Efforts

Type of Service	Consortium Partners	Location
On-site Center	First Atlanta Bank Georgia Pacific Corp. Rich's Dept. Store The Atlanta Journal-Constitution The Federal Reserve Bank	Atlanta, Georgia
On-site center	Grieco Brothers Amalgamated Clothing/Textile Workers' Union Polo Clothing Corp. City of Lawrence City Council Mass. Industrial Finance Agency Asst. Foundations	Lawrence, Massachusetts
Off-site Center	Ail Div., Eaton Corp. Automatic Data Processing Chemical Bank Fairchild Republic Gould Simulation Systems Div. Hazeltine Long Island Lighting Co. Mergenthaler-Linotype Newsday Venus Scientific Chase Manhattan Bank Citibank Suffolk County Fed. Savings/Loan	Long Island, New York
Off-site Center	Lockheed Columbia Pictures NBC Studios City of Burbank	Burbank, California
Off-site center Holiday/summer special programming	Fort Wayne Developmental Ctr. Indiana-Purdue Fort Wayne Ivy Tech/Fort Wayne	Fort Wayne, Indiana
Discounts	Alcoa Foundation Koppers Foundation Pittsburgh Plate Glass Foundation Heinz Foundation Bell Telephone	Pittsburgh, Pennsylvania
Resource & Referral	American Express Co. The Carnegie Corp. Con Edison Coopers & Lybrand The Chase Manhattan Bank R.H. Macy & Co. Manufacturers Hanover Trust The New York Foundation Willkie Farr and Gallagher	New York, New York

Type of Service	Consortium Partners	Location
Resource/Referral	First National Bank of Boston Federal Reserve Bank of Boston John Hancock Mutual Life Ins. Co. Gillette Company New England Life Stride-Rite	Boston, Massachusetts
Sick Child Care	Levi Strauss Foundation Hewlett-Packard Foundation City of San Jose	San Jose, California
Sick Child Care (in-home)	First Minneapolis Bank Northern States Power Co. Tennant Company	Minneapolis, Minnesota

V. Child Care in Allen County, Indiana

The need for and the concern over affordable, quality child care in Allen County certainly is not a recent phenomenon.

Five years ago, the Livable City Task Force, initiated by Mayor Win Moses, Jr. identified the need for "adequate, quality child care for employees of downtown businesses." The Task Force recommended the "development of a joint venture among the city of Fort Wayne, various representatives of the private sector and the downtown social service agencies ... to ... identify a downtown facility suitable to use as a day care center."

This venture, while never implemented, may have been ahead of its time but similar conclusions have been reached by a number of nearby counties in Indiana.

In early 1986, Huntington County conducted a needs assessment of businesses and residents to identify the demand for a centrally-located child care facility. A similar community-wide facility, called Kid's Place, was implemented in Scott County in the last year.

In early 1988, the mayor of South Bend commissioned the Mayor's Task Force on Child Care and Supportive Policies for Working Parents. By July, 1988, this group had conducted a needs assessment of city employees, identified options and made recommendations for implementation.

In this context of progressive action, this report identifies the child care services available in Allen County and service gaps that need to be addressed. There are a number of ways to gauge the demand for child care in Allen County without conducting a county-wide needs assessment. Four sources of such demand data are discussed:

- demographics.
- existing survey data.
- calls to social service agencies.
- the size of waiting lists at existing centers in the county.

Demographic Data and Projections

Demographic data on the size of the child population (i.e., those aged 0 - 14) in the county at present time and projected to the year 2020 are contained in **Tables V-1a and V-1b.** As these data indicate, the age group from 0 to 14 years old constituted almost 25% of the county population in 1980.

Coupled with the fact that about 52% of the children under age 6 and an estimated 60% of children aged 6 to 14 had mothers in the paid labor force, there was a potential pool of 41,745 children in the county in need of child care services as of 1980. By 1985, the pool of children potentially requiring child care in the county had grown to 44,480 as the labor force participation rates of mothers increased to 54% for children under 6 and to 70% for school-age children. County population projections from 1990 through 2020

Table V-1a

Demographic Data and Projections of Children in Allen County, 1980-2020

Year	Age Group of Children 0-4	5-9	10-14	Total
1980*	23,927	23,945	24,973	72,845
1985	23,558**	23,170***	23,200***	69,928
1990***	25,560	24,930	22,620	73,110
1995***	24,080	24,980	24,530	73,590
2000***	22,350	23,600	24,690	70,640
2005***	21,560	21,980	23,430	66,970
2010***	21,820	21,250	21,870	64,940
2015***	22,260	21,530	21,190	64,980
2020***	22,070	21,980	21,490	65,540

* Based on 1980 Census of Population data for Allen County.
** Based on resident live births in Allen County for 1981-1985.
*** Based on population projections for Allen County calculated by the Indiana State Board of Health.

Table V-1b

Estimated Numbers of Children Potentially Needing Child Care, Based on the Changing Labor Force Participation Rates of Mothers

Year	Children < Age 6	Children Age 6-14	Total
1980	12,394	29,351	41,745
1985	12,721	31,759	44,480
1995	15,893	39,608	55,501
2020	14,566	34,776	49,342

suggest the child population (aged 0 to 14) will fluctuate between 64,000 and 74,000.

By 1995, an estimated 66% of children under age 6 and 80% of children aged 6 to 14 will have working mothers. The county can expect to have 55,501 children potentially needing child care in 1995 and at least 49,342 in 2020.

Demographically, the demand for child care services in the county is growing and will remain quite high into the forseeable future.

Existing Survey Data

A second avenue for assessing demand for child care in the county is the use of existing survey data on the topic.

Two pieces of survey research in the county were conducted on employees at Lincoln National Corporation and General Telephone North. Relevant results from these surveys are included in**Table V-2**.

In both instances, these surveys found a large number of respondents with child care needs (349 or 40% of respondents at Lincoln National Corporation and 66 or 54.5% of respondents at GTE). Most often respondents relied on a family day care setting or a child care center to meet their needs.

The surveys gauge the extent to which employees' child care arrangements affected their productivity at work. Information was collected in both surveys on such measures as tardiness, absence from work, how often alternative child care arrangments had to be made, and most often cited specific child care problems. At Lincoln National Corporation, the survey showed that respondents:

- felt their child care needs affected their productivity at work. (68%)
- were sometimes late for work due to child care problems. (64%)
- sometimes were absent from work because of child care issues. (28%)
- respondents had to make alternative child care arrangements an average of three times in three months. (21%)

At GTE, 89% of the respondents felt that a company-sponsored child care service would increase their productivity. Some 52.5% cited absence from work and 22.6% reported tardiness due to difficulties with child care. Specific child care problems mentioned by the GTE respondents included:

- arranging sick child care (54%).
- cost of child care (46%).
- summer/holiday care (45%).
- scheduling (44%).
- transportation to and from child care (41%).

When asked what type of company-sponsored child care service they would prefer implemented, the employees at Lincoln National Corporation cited a near-site facility or a resource/referral service while those at GTE preferred either a center (48%) or financial assistance (48%).

Overall, these two employee surveys indicate that the demand for child care in the county is strong, regardless of employer, and child care concerns do create a conflict between work and family responsibilities for working parents in the community.

Given the fact that employees of these two area companies tend to be paid competitive wages and salaries relative to those of other county residents, these findings probably under-estimate the true demand and difficulties encountered by employees at many smaller and lower-paying companies.

Calls to Social Service Agencies

A third indication of demand for child care in Allen County is the number of calls received by social service agencies from residents seeking child care referrals.

Switchboard's First Call for Help program reports that in 1988, a total of 482 calls were received from parents in the county requesting child care information and referrals, with an average of 10 to 12 calls per week.

Most often, these callers sought providers for infant care (currently one of the least available forms of child care in the county) or care for their school-age children, especially during school vacation periods.

Agency staff also indicated that parents new to the community and those starting a new job are likely to inquire about the availability of child care.

Waiting Lists at Existing Child Care Centers

Finally, a fourth measure of demand for child care in the county involves sampling available child care providers in terms of whether or not they have waiting lists.

Phone calls to a sample of 30 of 44 known child care centers (68%) in the county indicates a total waiting list of 554 children. Extrapolating these figures to all

Table V-2

Findings of Two Employee Surveys in Allen County

	Lincoln National Corp.	GTE North
Year	1983	1985
Number of surveys distributed	2,800	500
Response rate	31% (869)	25% (127)
%respondents w/ child care needs	40% (349)	54.5% (66)
Number of children affected	464	81
Current child care arrangements	68%	27%
Another's home	11%	20%
Center	9%	33%
Own home	6%	
Nursery school	6%	
Other		
Productivity effects	68% felt child care affected productivity .	89% felt employer-sponsored child care would increase productivity.
Tardiness	64%, on avg 2 times/mo.	
Absence	28% in last 3 months	22.6% in last 3 months
Alternative child care arrangements	60% in last 3 months	52.5% in last 3 months.
Specific child care problems		54%
Sick child care		46%
Cost		45%
Summer/holiday care		44%
Scheduling		41%
Transportation		35%
Location		30%
After-school care		27%
Reliability of care		24%
Quality of care		20%
Before-school care		
Employer-sponsored child care options most preferred	Near-site facility. Resource/referral program.	Center (48.1%) Financial assistance (48%) Resource/referral program

known centers in the county, there are possibly close to 1,000 children waiting for center-based care.

In addition, according to those administrators who work with information/referral services, most licensed family day care homes in the county are currently serving up to their licensed capacities. It should be noted that such waiting list figures only estimate the number of children whose parents have sought care outside of their own homes and/or circle of friends. They do not speak to the numbers of children who are left to care for themselves while their parent(s) are working.

Supply of Child Care

Indiana

Tables V-3 and V-4 contain the numbers of licensed child care centers and family day care homes, by county, in the state of Indiana in 1984 and 1988.

Between 1984 and 1988, the Indiana Department of Public Welfare licensed 60 more centers in the state, serving 6,259 more children. As of 1988, 571 centers across the state were licensed to serve 41,454 children (fewer than the estimated pool of children needing

Table V-3

Licensed Day Care Centers in Indiana, 1984-1987

County	# Centers/1984	Capacity/1984	# Centers/1987	Capacity/1987
Adams	1	20	1	20
Allen	37	2,301	40	3,048
Bartholomew	9	691	10	741
Benton	1	23	1	23
Blackford	1	25	0	0
Boone	5	356	6	415
Brown	2	40	2	30
Carroll	1	35	1	35
Cass	2	95	2	89
Clark	8	536	10	785
Clay	1	22	1	22
Clinton	2	130	2	160
Crawford	2	56	2	40
Daviess	2	89	2	89
Dearborn	3	125	2	176
Decatur	2	55	2	98
DeKalb	2	115	2	110
Delaware	18	890	17	887
Dubois	3	112	3	119
Elkhart	15	992	20	1,183
Fayette	1	34	1	34
Floyd	4	540	5	558
Fountain	1	50	1	50
Franklin	1	33	0	0
Fulton	1	44	1	44
Gibson	2	95	3	135
Grant	7	488	8	548
Greene	1	17	1	20
Hamilton	7	734	11	1,147
Hancock	3	125	3	125
Harrison	1	55	2	75
Hendricks	5	387	6	395
Henry	4	295	4	300
Howard	10	695	10	744
Huntington	0	0	0	0
Jackson	3	151	3	155
Jasper	0	0	0	0
Jay	2	40	2	35
Jefferson	1	42	1	40
Jennings	3	141	3	141
Johnson	6	541	8	664
Knox	5	242	5	242
Kosciusko	2	162	3	237
LaGrange	0	0	0	0
Lake	46	3,339	49	3,538
LaPorte	8	492	9	422
Lawrence	1	40	2	85
Madison	10	775	9	700
Marion	111	10,984	117	12,746
Marshall	2	99	4	149
Martin	0	0	1	48
Miami	2	45	1	32
Monroe	15	759	14	859
Montgomery	1	99	1	99
Morgon	1	71	2	116
Newton	0	0	0	0
Noble	2	84	2	84
Ohio	0	0	0	0
Orange	2	40	2	40
Owen	2	44	1	17

County (cont.)	# Centers/1984	Capacity/1984	# Centers/1987	Capacity/1987
Parke	1	40	1	40
Perry	2	55	2	55
Pike	0	0	1	25
Porter	4	235	4	235
Posey	2	140	3	195
Pulaski	0	0	0	0
Putnam	2	50	3	67
Randolph	1	25	1	20
Ripley	1	18	0	0
Rush	1	20	1	20
Scott	1	45	1	40
Shelby	3	168	4	315
Spencer	2	86	2	90
St. Joseph	46	2,143	57	2,675
Starke	0	0	1	52
Steuben	2	90	3	140
Sullivan	1	15	2	37
Switzerland	0	0	0	0
Tippecanoe	9	736	10	824
Tipton	0	0	0	0
Union	0	0	0	0
Vanderburgh	16	1,493	18	1,727
Vermillion	1	33	1	33
Vigo	13	642	14	697
Wabash	1	55	2	85
Warren	1	20	0	0
Warrick	3	175	3	165
Washington	1	20	1	20
Wayne	5	311	6	411
Wells	1	20	2	86
White	1	70	1	70
Whitley	0	0	1	90
		Total: 35,195		Total: 40,908

such services in Allen County alone).

Most of these centers (54%) and the children they serve (61%) were located in just 7 of the 92 counties – Marion (Indianapolis), Lake (Gary-Hammond), Allen (Fort Wayne), St. Joseph (South Bend), Vanderburgh (Evansville), Elkhart (Elkhart-Goshen), and Hamilton (northern Indianapolis).

A similar picture emerges for licensed family day care homes in Indiana. Between 1984 and 1988, 229 more homes were licensed, serving 2,365 more children. In 1988, some 1,394 homes served 10,285 childen across the state.

Most of these family day care homes (51%) and the children they serve (48%) were located in just 7 of the 92 counties – Marion (indianapolis), St. Joseph (South Bend), Vigo (Terre Haute), Tippecanoe (Lafayette), Vanderburgh (Evansville), Lake (Gary-Hammond), and Allen (Fort Wayne).

It is evident from these figures that most licensed child care facilities in the state are concentrated in the largest cities of the state—where the demand for child care is greatest. It also is apparent there is a trend in state licensure, at least for the period studied, to license facilities and providers at larger capacities.

In 1984, licensed centers, on average, cared for 68.9 children and licensed family home care providers, on average, had 6.8 children. By 1988, these same figures were 72.6 and 7.4, respectively.

Allen County

Table V-8 contains a map of the county by zip code areas. Using zip code boundaries as well as certain geographic features (i.e., the three rivers), the county can be divided into quadrants—the Northeast, Northwest, Southeast, and Southwest quadrants—as indicated on this map.

Facilities

Focusing specifically on Allen County, **Tables V-5, V-6 and V-7** contain information, as of 1989, on 44 known child care centers, 83 family day care homes, and 48 nursery/preschool programs, both licensed and unlicensed.

While these tables may not contain a complete listing (especially of unlicensed family day care homes), the data show 3,766 children can be served in center-based care, an estimated 447 to 579 children can be served in family day care homes (if licensed to maximum capacity), and over 2,100 can be served in nursery and preschool programs.

The majority of nursery and preschool programs offer half-day programs, making it necessary for working parents to find additional child care provisions for the remainder of the work day.

As indicated in these tables, child care services in the county are not equally available to all age groups of children needing such services. Infant care

Table V-4

Licensed Family Day Care Homes in Indiana, 1984-87

County	# Homes/1984	Capacity/1984	# Homes/1987	Capacity/1987
Adams	1	4	1	5
Allen	57	338	68	404
Bartholomew	11	98	17	117
Benton	2	16	3	26
Blackford	1	3	1	6
Boone	8	69	12	99
Brown	2	13	1	9
Carroll	5	41	7	60
Cass	0	0	1	5
Clark	6	48	5	28
Clay	2	9	2	10
Clinton	10	59	8	61
Crawford	0	0	2	14
Daviess	7	43	4	32
Dearborn	4	33	1	10
Decatur	0	0	0	0
DeKalb	8	57	12	98
Delaware	29	162	15	102
DeBois	1	6	2	17
Elkhart	22	173	28	227
Fayette	1	9	2	19
Floyd	3	30	5	42
Fountain	1	7	2	17
Franklin	1	6	0	0
Fulton	1	10	6	42
Gibson	1	2	2	14
Grant	7	62	5	46
Greene	0	0	1	9
Hamilton	59	463	52	425
Hancock	16	103	13	109
Harrison	3	27	10	76
Hendricks	23	161	25	195
Henry	6	42	12	69
Howard	2	14	4	33
Huntington	17	131	16	39
Jackson	2	12	1	7
Jasper	2	19	3	29
Jay	3	23	1	8
Jefferson	3	18	4	28
Jennings	2	18	1	8
Johnson	24	183	18	150
Knox	2	12	8	60
Kosciusko	13	106	12	110
LaGrange	3	15	3	16
Lake	122	500	87	378
LaPorte	8	50	7	51
Lawrence	0	0	4	35
Madison	18	134	16	136
Marion	204	1,526	195	1,539
Marshall	6	50	10	83
Martin	0	0	2	18
Miami	0	0	0	0
Monroe	35	293	293	242
Montgomery	4	30	30	3
Morgan	2	16	16	18
Newton	3	19	19	6
Noble	3	24	24	6
Ohio	0	0	0	0
Orange	2	17	17	78
Owen	0	0	0	0

County (cont.)	# Homes/1984	Capacity/1984	# Homes/1987	Capacity/1987
Parke	0	0	0	0
Perry	0	0	1	10
Pike	1	8	2	16
Porter	21	161	17	123
Posey	2	8	2	10
Pulaski	6	40	4	32
Putnam	0	0	1	2
Randolph	0	0	2	18
Ripley	2	13	2	17
Rush	0	0	5	33
Scott	7	50	16	104
Shelby	0	0	1	10
Spencer	0	0	0	0
St. Joseph	65	468	62	472
Starke	0	0	3	20
Steuben	14	80	12	96
Sullivan	3	21	3	24
Switzerland	0	0	0	0
Tippecanoe	97	718	57	459
Tipton	0	0	0	0
Union	0	0	1	6
Vanderburgh	28	164	68	445
Vermillion	0	0	0	0
Vigo	79	517	67	464
Wabash	23	125	17	91
Warren	0	0	1	6
Warrick	2	7	13	93
Washington	2	7	1	7
Wayne	11	69	9	62
Wells	15	106	21	171
White	0	0	3	24
Whitley	9	54	11	74
		Total: 7,920		Total: 8,463

(i.e., care for children under the age of 1) is primarily offered by family day care home providers rather than by child care centers.

Of the 83 known family day care homes in the county, 25 take this age group and only 5 of the centers and 2 of the nursery/preschool programs indicate the same.

The availability of infant care in the county is limited, especially given the increasing numbers of mothers with infants returning to work within 2 months (the average maternity leave) after their children's birth. Child care for toddlers (ages 1 to 2) appears to be more available in the county than infant care. Thirty-six of the centers, 40 of the family day care homes, and 14 of the nursery/preschool programs listed accept this age group of children.

Preschoolers (children aged 3 to 5 years) are the age group most likely to be served by centers, family day care homes, and nursery/preschool programs in the county. All of the child care centers and nursery/preschool programs and, it appears, the bulk of family day care homes, accept this age group of children.

The provision of child care services for school-age children (before/after school and holiday/summer care for children aged 6 to 12 years) is most likely to be center-based care. Some 34 of the listed 44 centers provide services for these children as do at least 25 of the family day care homes.

Additional problems are created when children must be transported to and from school each day.

Virtually all of the centers and homes in the county operate on a 5-day per week basis (Monday through Friday) during daylight hours (typically 6:00 a.m. to 6:00 p.m.).

Many of the nursery/preschool programs operate less than 5 days per week and only half-days. These hours are not conducive to parents who work second or third shift or weekends, or, in many cases, those working full-time.

Not only is the availability of child care services unequally distributed among various age groups, it is unequally distributed geographically.

Table V-9 contains information on the availability of known child care services in each of the four quadrants of the county. (NOTE: The figures in Table V-9 represent the aggregated information from Tables V-5, V-6, and V-7.) Based on these figures, the following conclusions can be drawn:

- While the number of child care centers is fairly evenly distributed across the quadrants of the county, the percentage distribution of all center slots is not. The Northeast and Southwest quadrants, the fastest growing areas in recent decades, contain nearly 66% of all center slots.
- The Southeast, with only 17.2% of all center slots, is

Table V-5

Child Care Centers in Allen County, 1989

Zip Code	Name	Licensed	Title XX	Ages Served	Capacity	# Waiting
46743	Holy Trinity Lutheran Day Care Center	Yes	No	1-12	55 Total:55	0
46774	Kinder-Care Learning Center # 562	Yes	No	2-12	100 Total:100	0
46802	Brookmill Child Care Center/CCAC	Yes	Yes	2-12	35	12
	Vocational Child Development Center	Yes	Yes	1-5	27 Total:62	30 Total:42
	Bernard Harrison Child Care Center/CCAC	Yes	Yes	2-12	35	0
46803	Gingerbread House, Inc.	Yes	Yes	2-12	85	12
	Margaret Smith Child Care/ CCAC	Yes	Yes	2-12	35	10
	MLK Montessori School #3	Yes	Yes	3-6	40 Total:195	31 Total:53
	Aboite Child Care Center #1	Yes	No	2-12	173	0
	Aboite Child Care Center #2	Yes	No	1-12	210	0
	Kinder-Care Learning Center #561	Yes	No	1-12	86	0
46804	My Friend's House, Inc.	Yes	Yes	2-12	15 Total: 484	0
	Cornerstone Day Care Learning Center	Yes	No	1-12	153	8
	Crescent Avenue Child Care Center	Yes	No	2-12	130	25
46805	Lakeside Child Care Center	Yes	No	1-12	210 Total: 493	35 Total: 68
	Children's Cottage/Catholic Charities	Yes	Yes	2-9	100	0
	Grace Lutheran Day Care	Yes	Yes	3-12	45	0
46806	Stinson Day Care Center	Yes	No	2.5-12	75 Total: 220	0 Total: 0
	ARC of Allen County	Yes	No	Birth-5	n/a	0
	Daybreak	No	No	Birth-6	n/a	0
	Fairfield Day Care Center	Yes	No	2-12	120	0
	Irma Hampton Child Care Center/CCAC	Yes	Yes	2-12	35	10
46807	Lutheran Hospital Child Care Center	Yes	No	6 weeks-5	270	90
	Lutheran Child Care Center	Yes	Yes	2.5-10	86	50
					Total: 646	Total: 150
46808	Nebraska Child Care Center/ CCAC	Yes	Yes	2-12	35	0
	The Playschool/Franke Park Daycare Center	Yes	No	2.5-9	40	0
	Three Rivers Montessori School	No	No	18 mo.-6	95	0

Zip Codes	Name	Licensed	Title XX	Ages Served	Capacity	# Waiting
46808	Wesleyan Kiddie Kollege	Yes	No	Infants-5	58	2
	YWCA/Drop-In Child Care	No	No	5-11	40	0
	YWCA/Kid's Club	No	Yes		40	0
					Total: 308	Total: 2
	Agapeland Nursery School	No	No	2-5 6 months-12	45	0
46815	Child Care Consortium	No	No	2-12	77	30
	Kiddie Prep School, Inc.	Yes	No	2-12	160	10
	Kinder-Care Learning Center #632	Yes	No	2-12	100	0
	Kinder-Care Learning Center #132	Yes	No	6 wks-12yrs	100	0
	TLC	Yes			117	Yes
					Total: 599	Total: 40
46816	Kinder-Care Learning Center #28	Yes	Yes	2-12	100	15
					Total: 100	Total: 15
46818	Huntertown Day Care Center	Yes	No	3-12	58	0
					Total: 58	
46819	Learning Tree Day Nursery	Yes	Yes	2-12	96	35
					Total: 96	Total: 35
46825	MacDonald Child Care Center/CCAC	Yes	Yes	2-12	72	124
	North Christian Church Day Care Center/Nursery School	Yes	No	3-10	75	15
	Pine Hills Kiddie Garden	Yes	No	2-12	135	1
					Total: 282	Total: 140
46835	Our Lady of Good Hope Christian Day Care	No	No	2-12	65	9
					Total: 65	Total: 9
					Total: 3,631	**Total: 554**

the area with the greatest concentration of poor and single parent families — both situations where affordable, quality child care is of utmost importance.

- The Northeast and Southwest quadrants appear to have larger centers (greater capacities per center) than the Northwest and Southeast quadrants of the county. The Northeast quadrant has an average of 108.6 children per center and the Southwest quadrant has an average of 98.2 children per center as compared to averages of 64.8 and 64.6 for the Northwest and Southeast quadrants.
- Of the 18 centers in the county that receive Title XX monies to subsidize slots for low-income children, some 50% are located in the Southeast quadrant, 33% in the Southwest quadrant, and the remaining 17% are in the Northwest quadrant. There are no centers receiving Title XX monies located in the Northeast quadrant of the county.
- In a sample of 30 of the 44 known child care centers in the county, it was found that 22 (or 73.3%) of these sampled centers had waiting lists totalling 554 children.
- There is a correspondence between centers having a waiting list and receiving Title XX funds. Of the 554 children on the waiting lists at the 28 centers sampled, some 329 (or 65.3%) are in centers receiving Title XX monies. Directors at the centers receiving Title XX funds indicated that the vast majority of their waiting lists were for children eligible for Title XX. In the Northwest and Southeast quadrants, all of the sampled centers with waiting lists had Title XX funding and 5 out of 6 sampled centers in the Southwest quadrant with waiting lists had Title XX monies. The implication of this finding is a need for more subsidized, center-based child care slots for children from low-income families in the county.
- Nearly 70% of all known family day care homes in the county (primarily licensed ones) are located in the eastern quadrants of the county—38.6% in the Northeast and 31.3% in the Southeast. The Northwest quadrant contains less than 10% of those family day care homes known in the county. The

Southwest quadrant has the remaining 20.5% of such known facilities. The distribution of known slots or openings in these homes follow a parallel pattern.

- Two-thirds of all known nursery/preschool programs in the county are in the Northeast and South west quadrants, the more affluent regions of the county.
- There are a number of rural communities in the county which have no or very limited child care resources: Grabill (in the Northeast quadrant), Arcola and Leo (in the Northwest quadrant), Woodburn, Monroeville, and Hoagland (in the Southeast quadrant) and Yoder (in the Southwest quadrant).

Table V-10 outlines the ranges in the cost of center-based child care services in each of the quadrants. Based on a sample of 21 centers, these figures indicate that overall child care costs in the Northeast and Southwest appear more expensive than in the Northwest and Southeast quadrants.

Given the fact that the majority of center-based slots also are located in the Northeast and Southwest quadrants, these higher costs indicate a competitive demand for such services.

In addition, a survey of costs charged by licensed family day care home providers, recently conducted by Child Care of Allen County, found these providers, on average, charge anywhere from $1.00 to $1.50

Table V-6

A Sample of Licensed Family Day Care Homes in Allen County, 1989

Zip Code	Name	Licensed	Ages	Capacity
46743	Haynie, Nell Jane	Yes	-	-
46745	Jeffrey, Joanne/Donald	Yes	-	-
46774	Hartzell, James/Nancy	Yes	1-8	5
	Torrez, Aurelio/Delores	Yes	2-8	6
	Yarian, Beverly/Maynard	Yes	10 months-5	6
	Ziegler, Theresa	Yes	-	-
				Total: 17
46802	Jackson, Richard/Marian	Yes	-	9
46803	Early, Alex/Lydia	Yes	4 months-12	10
	Govan, Ramona	Yes	16 months-7	8
	Parrish, Louise	Yes	21 months-4	8
				Total: 26
46804	Craig, Carolyn	Yes	-	-
	Raypole, David/Sharon	Yes	15 months-9	7
	Stamen, David/Jennifer	Yes	1-4	6
	Thomas, Jo	Yes	11 months-10	3
				Total: 16
46805	Barnes, James/Donna	Yes	5 months-10	6
	Dawson, Michael, Shirley	Yes	6 weeks-5	15
	Ehinger, Paul/Jacilin	Yes	4 months-5	6
	Florent, Charles/Elli	Yes	-	8
	King, William/Betty	Yes	Newborn-10	10
	Niedermeyer, Donald/Betty	Yes	2-12	8
	Richeal, Ellis/Rachel	Yes	-	6
	Wakeman, Marjorie	Yes	6 weeks-7	10
				Total: 69
46806	Alday, William/Linda	Yes	-	6
	Archbold, Michael/Debra	Yes	5-10	2
	Beaty, Warren/Sherry	Yes	Newborn-12	8
	Belton, Gloria	Yes	-	8
	Blauvelt, Arthur/Mabel	Yes	-	8
	Chatfield, DeWayne/Cora	Yes	1-6	5
	Gehring, Mildred	Yes	-	6
	Green, Mildred	Yes	-	5
	Helton, Debbie/George	Yes	-	8
	Jackson, Deloris	Yes	2 months-8	6

Zip Code	Name	Licensed	Ages	Capacity
	McDowell, Ray/Jenny	Yes	-	-
	Pennington, Roy/Lucille	Yes	-	6
	Stebbins, Phyllis/Greg	Yes	-	-
	Tolbert, William/Lila	Yes	2-4	1
	Wade, Iris	Yes	-	-
	Ware, Willie/Carolyn	Yes	6 weeks-3	4
	White, Edgar/Iona	Yes	2 months-11	7
				Total: 80
46807	Archbold, Donal/Bonnie	Yes	3-9	6
	Bakalar, Gerald/Betty	Yes	-	6
	Baker, Harvey/Iva	Yes	-	5
	Oglesbee, John/Carol	Yes	-	5
	Yoder, Stanley/Jimmie	Yes	14 months-10	10
	Zuber, Richard/Jeanne	Yes	-	4
				Total: 36
46808	Coolman, William/Bonnie	Yes	6 weeks-10	15
	Depue, Steven/Cynthia	Yes	-	6
	Dewitt, Mary	Yes	-	6
	Gray, Geraldine/Wesley	Yes	-	-
	Lahr, Alvin/Juanita	Yes	2-9	6
	Taylor, Charles/Dorothy	Yes	10 months-10	9
				Total: 42
	Caruso, Ferdinand/Lilra	Yes	-	5
46809	Davis, Howard/Fredonia	Yes	6 weeks-6	6
	Griffin, Ann	Yes	-	-
	Lambert, Wayne/Phyllis	Yes	2 1/2-7	6
	Worman, Robin	Yes	-	
				Total: 17
	Abels, George/Ruth	Yes	8 months-6	10
	Bobay, Karen/Norman	Yes	-	-
46815	Claus, Joan	Yes	-	5
	Clausen, Robert/Joyce	Yes	Infants-5	10
	George, Clifford/Bonnie	Yes	Infants-12	12
	Jordan, Ralph/Joleen	Yes	3 months-11	7
	Kaade, Dawn	Yes	1-12	8
	Linn, Charles/Marilyn	Yes	-	6
	Martin, Thomas/Peggy	Yes	-	5
	Nichols, Angela/Eric	Yes	-	-
	Reed, James/Lois	Yes	Newborn-4	5
	Stump, Michael/Diana	Yes	-	5
	Walowich, Bonnie	Yes	Newborn-5	5
	Willig, Gary/Janet	Yes	-	3
				Total:81
	Harris, Donald/Joni	Yes	2-5	6
	Martin, Donell/Clara	Yes	2-6	-
46816	Shumacher, Paul/Jeanette	Yes	-	3
				9
				Total: 18
	Reinhardt, Edwin/Dorothy	Yes	4 months-4	5
46818	Armey, Marsha	Yes	-	4
	Hoering, Jeff/Jayne	Yes	-	4
46819	Marshall, Daniel/Bonnie	Yes	Newborn-5	4
	Schroeder, Vera/Walter	Yes	-	-
	Watson, Vera	Yes	Newborn-12	7
				Total:19
				Total: 435

Table V-7

Nursery/Preschool Programs in Allen County, 1989

Zip Code	Name	Licensed	Title XX	Ages Served	Capacity
46743	Harlan Christian School	No	No	-	-
46774	New Haven United Methodist	No	No	3-5	-
46802	1st Christ. Union Presch./Kind.	No	No	-	-
	1st Presb. Weekday Preschool	No	No	3-5	87
	1st Presb. Creative Playschool	No	No	3 mos-3	50
	Preschool/Trinity Eng. Lutheran	No	No	2-5	52
	MLK Montessori #1	Yes	Yes	3-6	75
					Total: 189
46803	MLK Montessori # 2	Yes	Yes	3-6	45
	East Wayne St. Head Start/CANI	No	No	3-5	70
	Faith United Meth. Nursery Sch.	No	No	3-7	24
	St. Peter's Head Start/CANI	No	No	3-5	110
					Total: 204
46804					
	Aldersgate UMC Nursery Sch.	No	No	-	-
	A. Wayne Church/God Nursery	No	No	2.5-5	75
	Canterbury School	No	No	2.5-5.5	-
	Emman. Luth/W. Cent. Nursery	No	No	3-4	15
	Nursery School/Peach UCC	No	No	2-5	200
	St. Michael's Luth. Nursery Sch.	No	No	3-5	45
	Trinity Lutheran Preschool	No	No	4-5	24
	Westview Early Learning Center	No	No	3-5	36
					Total: 395
46805					
	Turnstone Center	No	No	0-6	30
	Beacon Hts Presch./Moms' Day Out	No	No	1-5	30
	Early Childhood Learning Acad.	No	No	2.5-6	-
	Learn. Disab. Presch./ACSCC	No	No	3.5-5.5	22
	Memorial Baptist Church	No	No	3-5	35
					Total: 117
46806	Bethlehem Trin. Luth. Preschool	No	No	-	-
	Christ UMC Nursery School	No	No	2-5	-
	Epworth UMC	No	No	3-5	72
	Immanuel Christian School	No	No	4-6	45
	St. Henry Preschool	No	No	3-4	50
	St. Luke's Preschool	No	No	3-5	25
					Total: 192
46807	Emmaus Lutheran Preschool	No	No	3-5	46
	Lincolnshire Church/Brethren	No	No	2-5	90
	South Wayne Baptist Presch.	No	No	2-5	60
					Total: 196
46808	Colonial Christian Schools	No	No	-	-
	Living Stones Christian School	No	No	-	-
	YWCA/Preschool	No	No	1.5-5	40
					Total: 40
46809	Lafayette Comm. Nursery Sch.	No	No	-	-
	Waynedale UMC	No	No	3-5	-
					-
46815	Faith Baptist Nursery School	No	No	3-5	175
	Good Shepherd Comm. Nursery	No	No	2-5	156

Zip Code	Name	Licensed	Title XX	Ages	Capacity
46815	Maplewood Nursery School	No	No	3-5	68
	Messiah Lutheran Nursery	No	No	3-5	12
	Pine Hill Nursery School	No	No	-	-
	St. Jos. UMC Nursery/Preschool	No	No	3-5	180
	Taylor Chapel Nursery School	No	No	2-5	62
					Total: 653
46818	1st Christian Union Preschool/ Kindergarten	No	No	3-6	95
	Suburban Bethlehem	No	No	3-4	42
					Total: 137
46825	Agape Nursery School/St. John's Lutheran Church	No	No	3-5	-
	Victory Life Preschool	No	No	3-5	27
					Total: 27
46835	Maplewood Mennonite Church GC	No	No	-	-
					Total: 2,270

per hour per child (or from $40 to $60/week per child) for their services.

Seven of the 35 providers who responded indicated an extra charge of $5 to $7/week for infant care.

Overall, while these price ranges tend to be lower than center-based care in the county, their range of services and number of available slots also are more limited.

Child Care Providers

As indicated in an earlier chapter, it is extremely difficult to quantify the number of child care providers in the country. Such is the case for Allen County. Turnover of providers is a key obstacle in quantifying their numbers, as is the invisibility of unlicensed providers.

Calls to a number of child care centers in the county indicated that many are experiencing high staff turnover rates and difficulties in finding replacements.

In terms of family day care home providers, the turnover and the difficulties encountered in counting the numbers is even more apparent. For example, between October, 1987 and October, 1988, ten family day care providers in Allen County were dropped from the list of state licensed providers and 16 new providers were added.

It is even more difficult to track the number of active family day care providers who are unlicensed in the county.

Only five entities in the community are actively involved in training child care providers. Two educational institutions in Allen County provide formalized degree programs in child care – Ivy Tech and the Regional Vocational School (affiliated with Fort Wayne Community Schools). Many of the students enrolled in these academic programs already are employed as child care workers and are seeking credentials to back up their employment choice.

Lincoln National Corporation, the YWCA, and the Fort Wayne Association for the Education of Young Children, (a local affiliate of the NAEYC) are actively involved in recruiting, training and assisting child care providers in improving the quality of care they provide to the community's children.

Corporate Involvement in Child Care in Allen County

A number of companies in Allen County currently are involved in providing child care services to employees. The following list contains area employers that currently offer child care services and those that are in the process of considering options in this regard. Much of this information comes from a survey of business representatives who attended the Lieutenant Governor's Conference on Child Care and the Business Community in Fort Wayne, Indiana on August 19, 1988. Notes on many of these corporate initiatives are contained in the appendix.

- **Lincoln National Corporation** (Insurance)
  Services offered:
  a. resource/referral .
  b. flexible personnel policies: job sharing, flextime.
  c. cafeteria plan—pre-tax dependent care account.
  d. child care providers support group and training seminars.
- **Lutheran Hospital** (Health Care)
  Services offered:
  a. on-site child care center.
  b. flex-time.
  c. sick child care at facility.
  d. advisory assistance to other area employers.
  Future considerations:
  a. after-school care.
  b. cafeteria plan.

Table V-8

Map of the Four Quadrants in Allen County

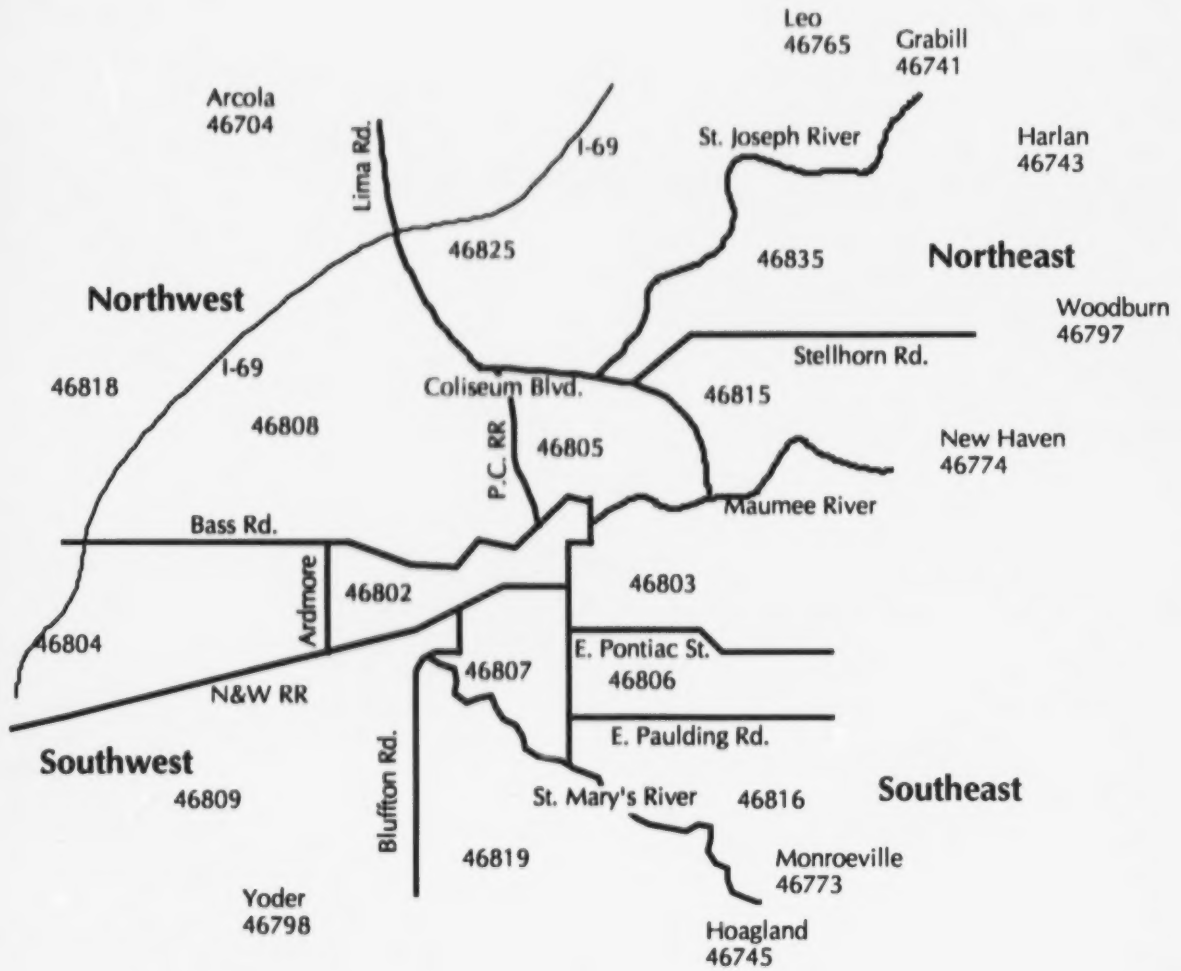


Table V-9

Child Care Services in Allen County by Quadrant, 1989

	Total	Northeast	Northwest	Southeast	Southwest
No. of child care centers	44	11	10	10	13
Capacity of centers	3,631	1,195	648	646	1,142
Ave. no. of children/center	85.6	108.6	64.8	64.6	98.2
No. children on waiting lists	648*	117**	142***	153****	236*****
No. Title XX funded centers	18	0	3	9	6
No. identified day care homes	83	32	8	26	17
Capacity of homes	447-579	186-222	52-64	124-190	85-103
Average no. children per home	5.4-7.0	5.8-6.9	6.5-8.0	4.8-7.3	5.0-6.1
	48	15	7	9	17

* Based on a sample of 30 centers.
** Based on a sample of 7 centers.
*** Based on a sample of 8 centers.
**** Based on a sample of 9 centers.
***** Based on a sample of 6 centers.

- **St. Joseph Medical Center** (Health Care)
  Services offered:
  a. sick child care (Cuddles and Care program).
  b. resource/referral services through YWCA.
  c. flex-time.
  Future Considerations:
  a. near-site child care center.
- **Rea Magnet Wire** (Manufacturing/Durable)
  Services offered:
  a. resource/referral services through the YWCA.
  b. flexible personnel policies—flex-time, job-sharing.
- **Custom Video Communications** (Communication)
  Services offered:
  a. resource/referral services through the YWCA and Lincoln National Corporation.
  b. cafeteria plan—pre-tax dependent care account.
- **Parkview Hospital** (Health Care)
  Services offered:
  a. resource/referral services through the YWCA.
  b. reserved slots in existing child care centers (Lakeside Child Care); back-up slots at Aboite 1 and Aboite 2.
- **Magnavox** (Manufacturing/Durable)
  Services offered:
  a. flexible spending account for child care.
  Future considerations:
  A. resource/referral service.
- **City of Fort Wayne** (Public Administration)
  Services offered:
  a. cafeteria plan—pre-tax dependent care account.
  Past considerations:
  a. on-site center.
- **IPFW/Ivy Tech/Fort Wayne Developmental Center Consortium** (Professional Services)
  Services offered:
  a. near-site child care center.
- **General Telephone North** (Communication)
  Services offered:
  a. flexible spending account for child care.
- **Child Care of Allen County** (Professional Services)
  Services offered:
  a. vouchers for child care—pays up to 50% of employee's child care costs.
- **TLC Preschool and Child Care, Inc.** (Professional Services)
  Services offered:
  a. discounts for preschool teachers.
  Future considerations:
  a. flexible spending account for child care.
- Companies contracting with Child Care of Allen County for resource/referral services for family day care home providers:
  Aetna Life Insurance (Insurance).
  Ceba-Geigy (Agriculture).
  Eastman Kodak (Manufacturing/Durable) .
  IBM (Manufacturing/Durable) .
  MacDonalds (Service) .
  Merck Pharmaceuticals (Manufacturing/Non-durable) .
  National Cash Register (Manufacturing/Durable).
  Pitney-Bowes (Manufacturing/Durable).
  Social Security (Public Administration).
  Xerox (Manufacturing/Durable).

Companies currently considering the adoption of various child care options include:

- American Red Cross (Health Care)
  Considering: near-site consortium center.
- Indian Village Health Center (Health Care)
  Considering: vendor program—purchasing slots in existing child care facilities.
- Indiana Michigan Power (Utility)
  Considering: contracting for resource/referral services .
- Chemical Waste Mangement (Utility)
  Considering: near-site child care center.
- Allen County Government (Public Administration)
  Considering: various options.

It is evident that employer-sponsored child care efforts in Allen County take many forms. Many industries already are involved or considering involvement in child care.

These efforts are minimal considering more than 7,100 non-farm, private businesses in the county. Since many employees rely on existing child care

Table V-10

Center-based child care costs in Allen County by Quadrant, 1989

	Northeast*	Northwest**	Southeast***	Southwest****
Full-time care/per week	$55-79	$50-64	$35-65	$53-77
Hourly rates	$1.90	$1.50-2.00	-----	$1.50-2.50
Part-time care/per week	$34	$17-47	$16	$32-38
Before and after school/weekly	$29-35	$22-43	$20-29	$30-45
Before or after school/weekly	$16-17	$12-15	$16	$20-37

* Based on a sample of 4 centers.
** Based on a sample of 8 centers.
*** Based on a sample of 4 centers.
**** Based on a sample of 5 centers.

resources, the need for a more comprehensive, community-based effort is apparent.

Gaps in Child Care Services in Allen County

Based on the child care resources identified in the county, a number of gaps in service can be identified:

- The quality of available child care is a major issue. The need for more qualified providers and constancy in their availability is evident. One way to attract and retain such providers is better pay and working conditions. Meeting such conditions may increase child care costs to parents.
- There are shortages in both availability and accessibility of infant care. Not only are the number of openings inadequate, but also parents are at a loss as to where to search for such services.
- There are shortages in the number of Title XX child care slots available for children from low to moderate income families.
- The availability of before and after school programs is inadequate in the county and transportation to/from those programs is even more difficult. Many centers that offer school-age child care do so only in the summer months.
- There are no child care providers in the downtown office district that provide service to the general public. The few programs in the area immediately surrounding downtown either are nursery school programs or serve a specific specialized group of children.
- There are shortages in the availability of sick child care. The Cuddles and Care Program at St. Joe Medical Center frequently operates at full capacity. Its location and cost make it inaccessible and unaffordable for some segments of the county's parents.
- There are shortages in the availability of child care services in certain zip code areas in the county. These shortages are most apparent in the southeastern and northwestern quadrants of the county and in zip codes 46809 and 46819 in the southwest.
- There are a number of rural communities in the outlying areas of the county which have no (or extemely limited) child care resources. These include Arcola, Grabill, Hoagland, Leo, Monroeville, Woodburn, and Yoder.

These gaps in child care services in Allen County lend themselves to a variety of community-based responses and opportunities. Some resolutions might include the following:

- The creation and maintenance of a community-based agency to coordinate and oversee the dissemination of child care information and to offer referral services to parents and businesses in the community seeking child care services. Such a center for child care resources would continually assess the demand and supply of quality child care in the comunity. The proposal for such a center is detailed in Chapter VI.
- Consortium efforts by employers for the development of child care centers to serve employees at or near various industrial parks and other employment areas in the county. Not only would such efforts provide centrally-located facilities for employees, but also would be especially helpful to small businesses that otherwise could not afford the provision of direct services.
- Financial support for:
  - existing child care facilities for the expansion of infant care.
  - start-up and facility maintenance for before- and after-school programs in the county's school systems. Such efforts might include the utilization of school buildings recently closed due to declining enrollments.
  - health care institutions to increase the supply of sick child care and toreduce the cost of such services in the county.
  - a community fund to supplement Title XX monies.
  - community entities to recruit and train child care providers in order to increase the supply and improve the quality of training for such providers.

While child care is an issue that each family and that each employer can address on their own terms, community-wide solutions to this issue, involving the coordinated efforts of both the public and private sectors, would be more efficient and less piecemeal in producing viable outcomes.

Toward this end, the final section of this report contains a framework for addressing the coordinated efforts necessary to meet the child care challenge in Allen County, Indiana.

VI. Recommendations of the Child Care Advisory Council

In assessing the gaps in the child care delivery system in Allen County, Indiana, it is the belief of the advisory council that the greatest needs of employers can be addressed by the establishment of a technical assistance center.

The creation of a technical assistance center, The Center for Child Care Resources, is the most efficient means to organize existing child care programs, generate a pool of new care providers and help businesses sift through the child care maze.

This center primarily will serve as a tool for businesses, helping employers from the early stages of needs assessment through successful implementation of a chosen child care benefit option. It also will provide technical support for providers and serve as a community clearinghouse to organize the fragmented child care programs currently available.

Affordability (to parents and to employers) and quality must be the top criteria in evaluating child care services.

This center will serve businesses, providers and the community in the following ways:

Businesses

The degree of assistance provided a business will be determined by that business.

The analysis of child care benefit options will be individualized to meet the needs of each employer, as appropriate with respect to size, type of industry and needs of employees.

Major options may include resource/referral programs (both independent and contracted through existing services), reimbursement and cafeteria benefits plans, consortium models and off- or on-site centers (either self-managed or contracted). Characteristics of each of these options are detailed in previous chapters of this report.

Heavy emphasis will be placed upon creating consortia of small businesses that are geographically related. This option provides a benefit that is affordable for small businesses while still increasing the actual number of available child care slots.

When an employer contracts with the center, tangible benefits will include:

- individualized analysis of the productivity benefits of child care.
- assessment of employees' child care needs.
- report of appropriate child care options for the employer, based on a juxtaposition of the assessments and the employers' capital investment capability.
- assistance in selecting the appropriate option.
- technical assitance for six months following initiation of the child care option.

Serving the needs of the business community must be the first priority of the center. It is through employers that child care needs can most efficiently be met. The center will be able to help businesses implement child care benefits as effectively as possible.

Providers

The Center for Child Care Resources staff will be in continual dialogue with training program administrators and licensure agents to serve in a quality improvement role for providers.

There currently are two formal child care training programs in Fort Wayne – one at the Regional Vocational School and one at Ivy Tech. There also are child development/education programs at St. Francis College and Indiana-Purdue Fort Wayne.

In addition, the staff at the center will be informed of in-service and continuing education offerings at various institutions in the area. Keeping abreast of these training services will allow providers to stay at the forefront of their profession.

Careful monitoring of licensure requirements through various governmental agencies also will allow the center to refer providers to appropriate avenues of certification for their skills.

Community

Fragmentation of child care services in the community will be drastically decreased through the clearinghouse nature of the center. Continual monitoring of services will allow the director to identify all types of child care gaps – geographic, work shift, affordability, age group and quality.

As the agency that links businesses with providers, the center will serve as an informal monitor of these gaps.

Because child care currently is very much a seller's

market in Fort Wayne, providers frequently do not feel the need to provide maximum quality for minimum cost. As corporate and public awareness increase and as the number of providers increases, the child care arena will shift focus to a buyer's market. The Center for Child Care Resources will become the watchdog of quality and affordability as providers become more competitive to meet consumer need and vie for favorable referrals from the center staff. After more businesses take action and the initial pressure eases, the center director will devote more energy to provider recruitment and resource/referral for the community. In some cases this will mean referral to existing R/R programs. In other instances, a specific referral may be appropriate.

The presence of the center will position the community to take maximum advantage of emerging local, state and federal programs and funding.

Treating the needs of individual parents always will be the lowest priority as the center works to fill gaps in the macrostructure.

Center structure

The center will be governed by a charter that will outline its goals and responsibilities. The charter will establish a three-year time frame for the center to achieve these stated goals. It also will establish an advisory committee to oversee the functions of the center.

At the end of the three-year period, the center will be evaluated by its advisory committee. The charter then will be renewed for subsequent three-year periods until such time as its function no longer is necessary in Fort Wayne.

Initial staffing for the center will include an executive director, a professional staff administrator and an administrative assistant. Consultants will be accessed as needed, dependent on case loads and research requirements.

The executive director and administrator will be required to have an extensive combined professional and educational background in child care, child care management, human resources and benefits.

The center will be financed through a combination of corporate seed money and user fees.

Appendix
Notes on Examples of Corporate Involvement in Child Care in Allen County

The following corporations are represented by members of the Child Care Adbvisory Council. For more informantion on any of these child care options, consult the council roster at the front of this report and contact the appropriate representative.

Lincoln National Corporation is the only company in Indiana with a full-time staff position for Administrator of Child Care Services. Resource and referral services have been used by 1,300 employees since initiated in 1984.

Lutheran Hospital is the only employer in Fort Wayne with on-site child care. Eligible children are 6 weeks to 5 years old. Its capacity is 16 infants, 20 one-year-olds and 10 2-5 year olds. The program was initiated in 1979 and is accredited by the National Academy of Early Childhood Educators.

St. Joseph Medical Center operates the only public sick child program in Fort Wayne. Eligible children are infants to 12 years old. The program is titled Cuddles & Care. Children of hospital employees constitute 56% of Cuddles & Care patrons. The public makes up the rest. The cost is $2.50 an hour with a $15 minimum per day. The program is open 24 hours a day, seven days a week. It was inititated in 1986.

YWCA operates a resource and referral program that contracts with businesses to serve a pre-determined number of employees. Among those employers that have utilized this service are Rea Magnet Wire, St. Joseph Medical Center, Parkview Hospital and Lincoln National Bank.

Child Care of Allen County also operates a resource and referral program for businesses. Among its contractors are Xerox Corp., Aetna Life Insurance Co., Eastman Kodak, Merck Pharmaceuticals and Pitney-Bowes.

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